

Social media for innovative marketing strategies

How social media can improve the Customer Relationship Management?

-Master Thesis-

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Abstract

Social media for innovative marketing strategies is a work which discovers the dynamics that shape the new web environment of social media and how these instruments can be exploited from organizations in order to improve the customer relationship management. In doing so, theory concerning web 2.0/3.0, UGC, social media, network externalities and CRM have been revised in order to construct an accurate analysis of the upcoming marketing opportunities resulting from the new web scenario. The inquiry is further narrowed down by the observation of Starbucks as a case study and its involvement into social media marketing. The overall dissertation ends up with a new social CRM framework tailored on Starbucks features with the aim of strengthening the value of the findings from an empirical perspective.

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I Introduction to the research area

1.1 Introduction

The idea of starting a master thesis about the role of social media into the field of marketing strategies has several reasons. First of all this work represents a miscellaneous topic which combines together my academic studies explored during these two year at the Aalborg University, my personal experience gathered as student in a foreign country and my interest towards marketing strategies. Although my academic knowledge received a background based on innovation theories and entrepreneurial dynamics, the six months spent on this thesis have been an meaningful occasion for gathering additional knowledge on fascinating, even though unfamiliar topics.

The first occasion that lighted up my mind and inspired the problem formulation was my internship. From September 2012 until January 2013 I have been working on a project concerning innovative cloud computing -based software designed by startups for healthcare organizations. Throughout my inquiry I had the occasion to further analyze different kinds of social networks specifically designed for the healthcare organizations. I found out how broad was the range of websites developed and how brilliant was the idea to exploit the power of social networks in a critical sector as the healthcare. The analysis of those dynamics makes myself thinking further about how Internet environment has radically changed the way companies establish a relationship with their user bases and how it is relevant to engage customers in a unique experience beyond the mere product's sale. Furthermore the high proliferation of UGC, the increasing popularity of web communities, the intensification in smartphones and tablets sale, all these aspects have deeply changed the manner by which marketers approach to the public especially during the last 10 years. Such gradual shift from traditional strategies to Internet-based promotional mix forced firms to create an online identity according to the image that they want to give into the real life experiences. If television was considered on of the main tools for advertising spreading, now Internet with its

global power and speeded up information's diffusions makes marketing strategies more effective and less expensive than before. The gradual evolution of worldwide web led to the emergence of tools such as blogs, social networks, communities, forums and platforms which together shape the world of web 2.0 and its transition to the web3.0 as we will see afterwards. The emergence of Web 2.0 into business panorama represents undoubtedly a switching point for companies' marketing strategies and their conception regarding the role of customer, don't considered anymore as a mere product consumer but more as a contributor and influencer. As I will explain afterwards, the customer commitment has reached such an high degree of attention that some of them are now recognized as real "influencers" for large communities of people. In addition the large contribution provided by academic authors and works related to web 2.0 rose issues concerning the needs of a clear distinction between web 2.0, User Generated Contents (UGC) and social media. In order to enhance the general understanding all these dynamics, a large selection of books and academic articles has been reviewed with the aim of creating a theoretical background as a support for further analysis and discussions.

1.2 Delimitating the research Area

Once emerged the interest towards the phenomena previously described, I decided to narrow down my investigation and use a specific case study that would help me to understand in practice how Internet-based tools can be used to enhance marketing strategies. This process focused my attention to one of the most popular coffee-shop chains: Starbucks. The reason of this choice has deep roots in my studying experience in London, I always have been fascinated by the atmosphere of the plenty of cafeteria that the city offered but I have never been keen in paying a double price for a commodity as a simple cup coffee. After several meetings spent in Starbucks I started asking myself why the chain reached such spread popularity among coffee drinkers and how it has been able to build an international business spread all around the world. What makes the Starbucks experience more tempting than the other? What is all the process that pushes an average customer to pay a premium price for a normal drink?

Several could be the answers to this question as multiples could be the fields where find the appropriate answers (an appropriate financial plan, smart choices regarding strategic alliances, entrepreneurial and organization competences) but for this work I decided to focus on marketing aspects in order to have a more broad insight of the image that the company wants to give to its customers, how it is perceived from them and in which way this aspect enhances the customer relationship management (CRM).

1.1 The research question

In which way could I combine the wide world of social media with the chosen case study? This reflection led me to first narrow down my research and focus my attention to a specific aspect of marketing field: the customer relationship and its aim of enhancing the customer's experience and satisfaction. Historically the customer's relationship was delimited within the "boundaries" the physical place where the product/service was sold. Nowadays the buyer experience has lost its borders overcoming the physical location and approaching the virtual world of social media. That means that companies have to care about their online reputations if they want to attract and keep consumers over a long-term relationship, allowing them to virtually interact and let them consider themselves as a core element of the whole organization. Therefore what have been done so far and what are the new tools that can be exploited within the social network panorama in order to make the customer involvement a unique experience? Following these reflections I came up with the following research question:

“How social media can improve the Customer Relationship Management? - The Starbucks case”

What makes this work different from the previous contributions of academic authors is the section related to the case study. Indeed, in order to better understand how social media can improve Starbucks customer relationship, it will be analyzed primarily the manner of how the company exploits social media tools,

and subsequently how these are involved into the CRM process. As a final result it will be proposed an innovative CRM framework based on the use of social media according to the Starbucks experience.

A good starting point to cope with a problem formulation is to set up sub research questions in order to achieve a more detailed picture about the case and provide precise and exhaustive answers. As a consequence the following three sub questions have been taken into account during the whole inquiry:

- *How it is possible to enhance the participation and collaboration in virtual communities and turn it into a benefit for the whole organization?*

The investigation of the impact of social media over long-term relationship supposes further reflections about the customer's involvement, a process which starts from the engagement into virtual communities and ends up into a benefit for the company in the real scene. In the final framework it will be explained how social media endorse the customer involvement and how they strengthened the loyalty and retention.

- *The increasing relevance of customer's involvement does imply a new conception of business model?*

The Internet and the evolution of web technologies have proved to be a breeding ground where build upon an organization's perspective based primarily on consumer engagement. This circumstance has definitely made a shift not only in terms of marketing strategies but also at the whole corporate level pushing organizations to revise traditional business models according to the new opportunities shaped by social media.

- *How social media can be incorporated into conventional marketing strategies?*

The power of social media represents an indispensable tool to create and keep a constant connection with company's followers, but it is also relevant to bear in mind

that all these tools need to be integrated with conventional marketing strategies, especially if the target embraces a large variety of people.

1.2 Project design

The project design is basically structured in five steps. As we have seen in the previous paragraph, the first phase is focused on the problem formulation's setting and the research questions. After the introduction it will be presented the methodological approach in order to make more practical considerations of how construct the research path and the implications involved.

Once completed this phase the attention will be shifted to the theoretical background in order to understand from an academic point of view the meaning and the main features of web 2.0/3.0, the main differences between UCG and social media and how these instruments triggered network externalities.

Once created a general understanding of the social media environment, in the analysis section it will be investigated in more detail the shift from direct/conventional marketing to an approach based on the use of social media, how these tools have been incorporated into new marketing strategies, in which way this new scenario had an impact on business organization and their new manner of manage the customer relationship trough a new "social CRM".

Finally in the case study all the concepts analyzed previously will be adopted in order to better understand how Starbucks is involved in social media and which innovative strategies this big corporation has utilized since its emergence in 1971.

The last section will be dedicated to the presentation of a new CRM model based on social media according to the Starbucks's features previously analyzed, once combined a general understanding and analysis of social media environment with the Starbucks case the subsequent step will entail the answer to the research question contained in the conclusions section.

A general depiction of the steps that will be followed it is showed in the figure presented below.

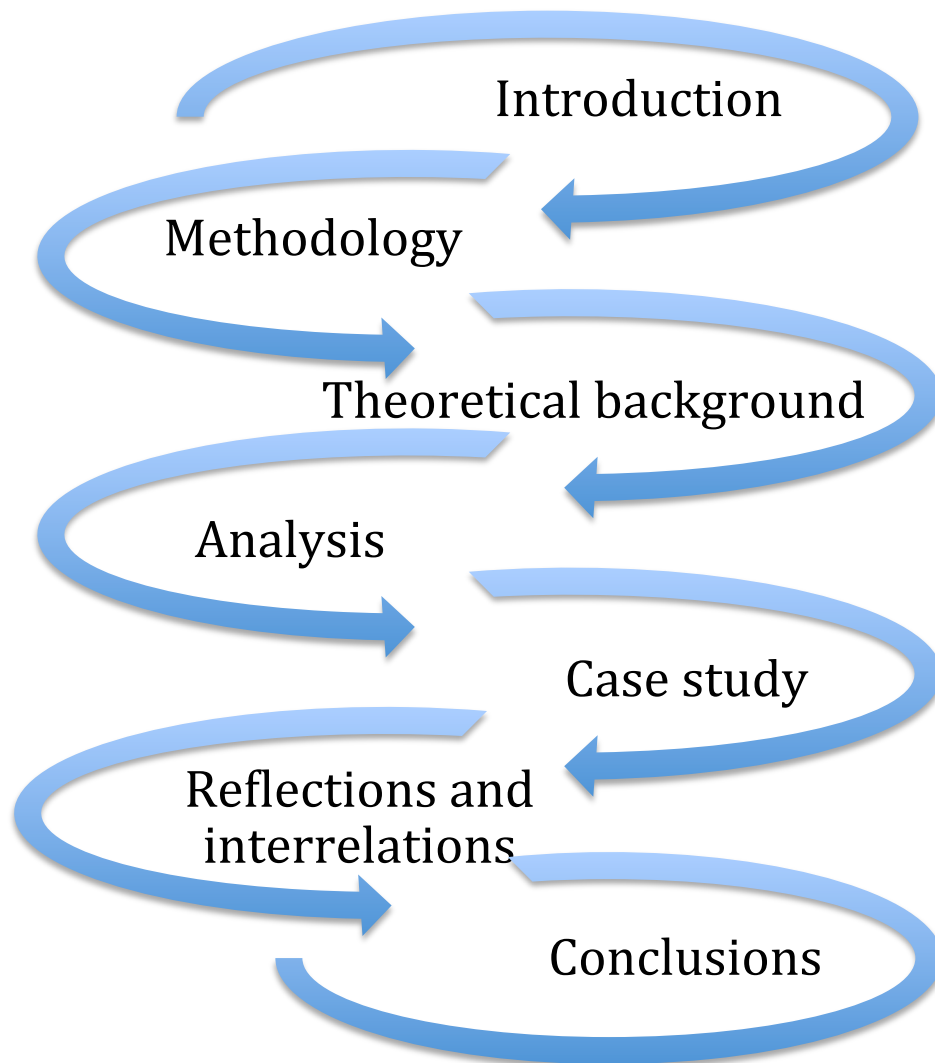


Figure 1 – Project design

II Methodology

Before going more deeply into the next steps of the research path it is better to make some reflections about the methodological approach in order to provide a linear path which combines together all the elements took into account.

2.1 Paradigmatic standpoints

The paradigmatic standpoints is a set of basic assumptions relevant for practical researches, Guba and Lincoln (1994) defined them as “[...] *a basic set of belief systems based on Ontological, Epistemological, and Methodological Assumption*” (Guba & Lincoln, 1994, p. 107)

Following the model proposed by Guba and Lincoln (1994), the methodological approach proposed starts with reflections made upon three paradigms:

- *The ontological paradigm*
- *The epistemological paradigm*
- *The methodological paradigm*

The table below shows the implications of each item:

<i>Item</i>	<i>Positivism</i>	<i>Postpositivism</i>	<i>Critical Theory et al.</i>	<i>Constructivism</i>
Ontology	naive realism— “real” reality but apprehendable	critical realism— “real” reality but only imperfectly and probabilistically apprehendable	historical realism— virtual reality shaped by social, political, cultural, economic, ethnic, and gender values; crystallized over time	relativism—local and specific constructed realities
Epistemology	dualist/objectivist; findings true	modified dualist/ objectivist; critical tradition/community; findings probably true	transactional/ subjectivist; value- mediated findings	transactional/ subjectivist; created findings
Methodology	experimental/ manipulative; verification of hypotheses; chiefly quantitative methods	modified experi- mental/manipulative; critical multiplism; falsification of hypotheses; may include qualitative methods	dialogic/dialectical	hermeneutical/dialectical

Table 1 – Basic beliefs (Metaphysics) of Alternative Inquiry Paradigms (Guba & Lincoln, 1994, p. 109)

The **ontological** considerations regard the nature and the form of reality and in which extent it can be known. In this case the inquiry can be placed in between the historical realism of Critical Theory and the relativism of Constructivism. The reality

is knowable and it is represented basically by the business realities and the relative marketing strategies shaped by social media, the environment taken into account is influenced by social and cultural factors which influence the way of using brand-new web instruments. This is how the reality appears at the moment (it is “crystallized”) but it is impossible to exclude future cultural mutations which might change the role of social media into society and business.

“A reality is assumed to be apprehendable [...] shaped by a categories of social, political, cultural, economic, ethnic and gender factors, and then crystallized (reified) into a series of structures that are now (inappropriately) taken as “real” [...] (Guba & Lincoln, 1994, p. 110)”

Differently from a positivist approach, which bases its view on objective realities apprehendable only under the light of theory, the relativism of constructivism consider the reality influenced by “*human constructions*”, therefore subjective and inconstant. In this master thesis the usage of social media is analyzed from a business angle, a great emphasis is put on the benefits that these instruments can have upon the CRM, but this represents only a point of view of many possible analyses that can be conducted on this topic. For instance this analysis doesn’t take into account downsides as the negative influence that social media can have on individuals and the Internet addiction to the detriment of real life interactions. As far as the purpose of this work is to present facts from an objective point of view, as a researcher I can’t exclude the influence of my own social constructions over the reality analyzed.

“Constructivism’s relativism, which assumes multiple, apprehendable, and sometimes conflicting realities that are the products of human intellects, but they may change as their constructors become more informed and sophisticated (Guba & Lincoln, 1994, p. 111).”

The **epistemological** question investigates on the nature of the relationship between the knower and what can be known. The world of social media is a broad research field, a reality without boundaries, therefore it can't be considered completely reachable. This is the reason why the research has been limited into a specific case study as Starbucks, so as far as the reality is influenced by social factors, the observation of that tries to be objectivist as much as possible. The inquiry in this sense will try to follow a postpositivist approach through the use of reliable sources, even though the awareness of a not pure objectivism considering the broadness of the whole system.

"[...] postpositivists counsel a modified objectivity, hewing to objectivity as a "regulatory ideal" but recognizing that it cannot be achieved in any absolute sense. It can be achieved reasonably closely, by striving to be as neutral as possible; (Guba, 1990, p. 21)"

The **methodological** assumptions concern the way of the inquirer finds out the knowledge. In this thesis the final knowledge achieved is the answer to the research question from one side, therefore how social media can improve the CRM, from the other hand the new CRM model constructed on the Starbucks case. The final results are the outcomes of analyses grounded on multiple reliable sources such as official documents and websites, academic articles, reports and books. All the sources taken into account have undergone a process of reviewing in terms of references' validity and documents' authenticity in order to represent a truthful reality. These secondary data have been considered highly meaningful in reference to information gathered, in addition they covered the role of a prominent background upon which to build further reflections and interrelations concerning the Starbucks case study. The used methodological approach recalls the *critical multiplism* (Cook, 1985 in: Guba, 1990 p.21) which suggests the usage of many sources as possible in order to avoid distorted reality's interpretations. *"[...] it is essential that the "findings" of an inquiry be based on as many sources – of data, investigators, theories, and methods- as possible. Further, if objectivity can never be entirely attained, relying on many*

different sources makes it less likely that distorted interpretations will be made (Guba, 1990, p. 21)”

2.2 Research strategies – Qualitative approach and deductive method

In the field of social researches, it is helpful to distinguish between qualitative researches and quantitative researches in order to shape a general orientation as a guide for the whole inquiry process. Understanding how social media can improve the CRM using an explanatory example as Starbucks, led myself towards the adoption of a qualitative approach. This choice is further justified by the interpretive and constructive orientations of the paradigmatic standpoints chosen which usually are associated with qualitative approaches, differently from natural science models as positivism that usually belong to the quantitative sphere (Bryman, 2008, p. 22).

“Qualitative research can be constructed as a research strategy that usually emphasizes words rather than quantification in the collection and analysis of data (Bryman, 2008, p. 22)”

Since this research is mainly constructed upon the explanation of a phenomenon by using a theoretical background as main support for the findings’ discover, the utilization of numerical data is not involved into the process giving space to more discursive analyses constructed upon my own reflections. Furthermore qualitative researches *“embodies a view of social reality as a constantly shifting emergent property of individuals’ creation (Bryman, 2008, p. 22)”*, therefore such approach fits perfectly to the world of social media, a reality affected by continuous changes and significantly influenced by individuals, cultures and societies.

Further reflections investigated the nature of the relationship between theory and research. Basically the primary role of theory development before the data collection is the main point that differentiates case studies and other methods such as ethnography (Lincoln & Guba, 1985; Van Maanen, 1988; Van Maanen et al., 1982) and “grounded theory” (Strauss & Corbin, 1998). As a consequence the inquiry will follow a deductive approach, in other words the hypothesis will be deduced from a theory and then translated into operational terms (Bryman, 2008, p. 9).

The beneficial impact that social media have on organizations can be considered the starting hypothesis which is the result of an accurate knowledge of the new Internet environment, consequently into the reflections and interrelations section the hypothesis will be consequently approved or rejected basing on the observation of the Starbucks case, finally the findings will be translated into “operational terms” with the creation of a new social CRM.

2.3 Case study design

Three main factors influenced the decision of making a case study the main driver of the inquiry:

- *the type of research question*: usually case study has an explanatory and descriptive power, as a consequence it is a suitable strategy when “how” questions are posed;
- *the control that the researcher has over the event analyzed*: as claimed beforehand, social media realities is a phenomenon subjected to continuous changes, therefore the control over the event analyzed is limited;
- *the nature of phenomena*: case study well fits to contemporary phenomena and real life context as Starbucks and its involvement into social media (Yin, 2004, p. 1)

Yin (2004) distinguishes between five typologies of case studies such as critical cases, extreme or unique cases, representative or typical cases, revelatory cases and longitudinal cases. For this research the observation of Starbucks can be considered a representative or typical case since it “*exemplifies a broad category (companies which exploit social media) of which it is a member*” (Bryman, 2008, p. 56). More simply the Starbucks experience embodied the perfect adoption of social media instruments for enhancing the customer relationship, optimizing the broader category of organizations involved into social media marketing strategies.

An intensive analysis of the case took into account will be adopted in order to generate reliable considerations out of the findings and set up a linear-analytic structure. According to Yin (2004) this kind of structure follows a path that commences with a literature review, followed by the analysis, the conclusions and

implications from the findings (Yin, 2004, p. 152). For these reasons this kind of pattern has been regarded the most suitable for an explanatory and descriptive case study as the Starbucks experience.

2.4 Criteria in social research

The evolution of social researches demand further reflections in relation to the quality of the statements presented, this feature can be logically tested through the use of prominent criteria.

The first one is the **reliability**, the aim is to understand if the repetition of the procedure used during the research will lead to the same results if applied by later investigators (Yin, 2004, p. 37). The procedure adopted for this research is based on a precise interpretation of secondary data such as academic articles, official reports, online pages, and trustful news websites. Therefore the repeatability of the research is possible because of the scientific nature of the inquiry but I do not exclude the influence that “social constructions” could have on other investigators that might come up with slightly different considerations compared to mine.

The second criterion is the **validity** that regards essentially the relationship between the research and the conclusions, in other words are the findings correlated to the purpose of the research question?

It is possible to distinguish between different kinds of validity: measurement validity, internal validity and external validity

The *construct validity* or *measurement validity* concerns the use of appropriate instrument of measuring in order to describe the phenomenon, generally this is a criterion mainly used for quantitative researches and numerical outcomes (Bryman, 2008, p. 32). This inquiry doesn't take into account specific types of measurement since it is basically a discursive description of a phenomenon (social media) and its impact on a business reality as Starbucks, for this reason I do not consider this criteria relevant for the inquiry.

The *internal validity* deals with causality between the variables took into account. For instance if the inquirer works with two topologies of variables (x and y), does x lead to y and not something else (z) that is determining an apparent relationship

(Yin, 2004, p. 36)? In our case: do social media have an impact on CRM? In this case the causality between the two variables is confirmed by the increasing involvement of the individual in companies' environment but we can't exclude at prior that other kinds of mediums would generate an influence on the consumers-company relationship. As it will be argued later, as far as social media represent a powerful instrument within the domain of marketing strategies, we are still far away from considering such tools perfect substitutes for replacing traditional marketing strategies and conventional channels as TVs, Radio and paper-based advertisements. Therefore this criterion is partly satisfied since the inquiry ensures a correlated relationship between the variables but it doesn't exclude the influence of other elements upon same phenomenon.

Finally, the *external validity* raises questions concerning the possibility of generalizing the results beyond the specific case study (Yin, 2004, p. 37). The result of the inquiry is a new model of social CRM tailored on the specific Starbucks features but I do not exclude further applications of the model for other case studies. In this circumstance the results are not completely generalizable since we have to take into account that the company chosen has specific characteristics such as the multinational nature of its business, this condition restricts the field of application of the model presented. For example local cafe manage their customer relationships by relying on the reputation built on a local level, as a consequence the model presented results unfeasible since they do not need a pervasive social media presence across different platforms.

III Theoretical background

As anticipated in the introduction section, the aim of this master thesis is to understand how social networks can be involved into marketing strategies in order to improve the whole CRM. But beforehand going deeply into the answers, is better to provide a theoretical background concerning the whole scenario of social media as a basis for the subsequent analysis section and case study.

The theory presented entails basically three fields of study:

- Web 2.0 and the its evolution towards web 3.0
- User Generated Contents
- Social media
- Network Externalities
- CRM

The first three topics present essentially the new web environment, the system within the changes occurred, afterwards the theory about network externalities will explain why the new elements that shaped the system acquired gradually an increasing value over the time. The theory will end up with notions concerning the CRM in order to give a sort of introduction to the new model that will be presented in the case study.

The explanatory power of theory is further depicted in the Table 2. As it is shown, each part of the theoretical background is connected to the analysis and then to the case study from an empirical point of view.

Basically the first row is focused on the role of web 2.0 as platform that empowered the role of individuals leading to a shift into the communication and marketing strategies, this aspect represents practically the milestone of the Starbucks business philosophy and its customer-oriented view.

The second and third row deal with the elements of web 2.0 such as social media, mobile social media and UGC, once explained these items from a theoretical angle, the analysis will be concentrated on their business potential of how they are exploited from Starbucks. The fourth row depicts how knowledge about networks externalities it is relevant in order to understand the dynamic of the word of mouth

through the web space and how this factor impacts over the Starbucks popularity in the web space in terms of pervasive online presence. Finally the last row depicts the connection between CRM, the evolution into social CRM after the emergence of web 2.0 and the construction of a new empirical model based on the Starbucks Experience

Theory	Analysis	Starbucks case study
Emergence of web 2.0 [3.1; 3.2] (empowerment of individuals through new web instruments)	Groundswell [4.1] [4.2] (shift in the communication and marketing strategies focused on individuals' conversations carried on Internet)	Experience based on a "customer-oriented view" [5.2]
UGC, Social media [3.3]	Understanding of the business potential of new web instruments [4.2] Emerging business model: Crowdsourcing [4.6]	Social media involvement [5.5] Crowdsourcing example: My Starbucks Idea [5.5]
Mobile social media [3.4]	Mobile applications for marketing social media [4.3]	Mobile marketing approach [5.6]
Network externalities [3.5]	Network externalities as trigger factor for the word of mouth	Starbucks popularity gained on the web space through the word of mouth
CRM [3.6]	Social CRM [4.4]	Starbucks social CRM [7]

Table 2 – Link between theory, analysis and case study

3.1 Web 2.0

Since the emergence of the dot com bubble in 90's, the web environment has assisted to an escalation of new kinds of Internet applications which radically changed the role of the companies and their approach towards their consumers. A sort of official proof of this changing scenario was documented in an article published by The Economist in 2005, article which assigned the popular title of "Man of the Year" to the "modern virtual consumer" instead of a specific personality, breaking in this way a tradition of almost 40 years. This choice represented the clear demonstration of how the virtual environment changed deeply the role of the modern buyer and its involvement into the web as a part of its daily life.

These signals of a new Internet era received lots of attentions from academic authors and software engineers, as a consequence this evolution of the web environment led to the emergence of a new concept: the web 2.0

(Constantinides & Fountain, 2008, p. 231).

The term actually appeared for the first time in 2005 and became quickly popular among Silicon Valley clusters, especially the software industry (Ibid. p.234)

Because of its broadness, the concept of web 2.0 doesn't have a general accepted definition, for this master thesis I decided to use the description provided by Constantinnides and Fountain (2008):

"Web 2.0 is a collection of open-source, interactive and user-controlled online applications expanding the experience, knowledge and market power of the users as participants in business and social processes. Web 2.0 applications support the creation of informal users' network facilitating the flow of ideas and knowledge by allowing the efficient generation, dissemination, sharing and editing/refining of informational content (Constantinides & Fountain, 2008, p. 232)".

In other words web 2.0 can be regarded as a new way of utilizing the World Wide Web where the generators are basically individuals who constantly update information and share contents in a participated mood.

According to Constantinides and Fountain (2010), it is possible to summarize some main principles, which characterize this new family of online applications.

1 Web 2.0 is extremely focused on opens source, simple and free-based solutions.

Along their evolutions, the upcoming online applications have undergone a shift from software as a product to software as a service. Unlike the first generation of applications, which in most of the cases were subjected to charge, the new ones are taking the form of open source software characterized by a free nature of usage and easy availability by large communities of user. The overall functions have been radically reduced and simplified for a more user-friendly usage and the facility by which consumer can bounce from one application to another (due to low switching costs and the absence of lock-in strategies) is the demonstration of how users are now the principal controllers of this new movement. (Constantinides & Fountain, 2008, p. 235).

2 The role of customers radically changed from mere consumers to active participants, contributors and content reviewers.

Web 2.0 is now a vehicle which enlarged the audience of the customers' voice and made easier for companies the reception of comments and impression from their user base. Such circumstance based on a real-time feedback made possible a constant and continuous improvement of web 2.0 applications which are never definitive but instead always under development.

A clear example of the aforementioned situation is Skype, indeed the software frequently asks questions about the quality of the call immediately after terminating the conversation.

Furthermore the role of consumer as contributor led to an increase of UGC, more specifically the aggregation of personal contents and collective intelligences entailed not only the surge of users involved but also the value perceived towards the shared

service. Such circumstance represents a typical aspect of the “network effect”, a concept which will be further analyzed in section 3.5 (Constantinides & Fountain, 2008, p. 236)

3 Web 2.0 opened opportunities for new business models

As stated before, lots of new applications available on the web market are basically free, accessible and open sources. This scenario made a shift in the way of firms generate revenue streams through the use of the web, for instance Google and its entrance into the Smartphone market can be considered a suitable example. Google promoted the diffusion of Android as an open source platform available essentially for free; this characteristic attracted a great deal of handset producers which adopted Android as an operating system for their devices. In this way Google has managed to make new revenue streams since all the Android’s users were linked directly to the search engine, as a consequence the number of advertisements increased (and so the whole Google revenue streams) due to the large user base reachable through the search engine. The Google case is a signal of how web 2.0 actually modified other parallel markets as the Smartphone market, the software industry and all the dynamics behind advertising, promotion and marketing campaigns (Constantinides & Fountain, 2008, p. 236).

Despite the countless advantages and significant changes, this new scenario does not exclude some skepticism about web 2.0, particular in relation to the UGC. Most of the videos posted on YouTube raised issues concerning music label propriety rights and confusions between original advertising and fake anonymous amateur videos. By the way the degree of control remains really restricted nowadays considering that the web environment born as a free space characterized by a sort of anarchism, therefore this lack of control led to a weakening of the marketer and a consequential user’s reinforcement. These aspects headed also to the self-proclaiming of active contributors as real experts in certain kinds of fields due to the

large number of reviews posted and the high influence that in turn they have on virtual communities. A study of Deloitte Touche USA shows that 62% of US consumers often read peer-reviews on the Internet, 98% rely on them and 80% are aware that that kind of reviews had an impact on their purchase decisions (emarketer.com, 12 October 2007 in: (Constantinides & Fountain, 2008, p. 238))

Despite these concerns, most of the negative aspects in some cases actually could turn in real benefits for the company image. The most popular case is symbolized by Coca Cola. On June 2006 a pair of artists posted a video showing a series of geysers made by a Mentos dropped into a bottle of Coca Cola. This video triggered a great interest among web users achieving consequently and high number of viewings and enthusiasm around the funny experiments. Even though at the beginning Coca Cola kept distancing by dissociating the firm from any kind of direct involvement into the videos, afterwards they realized how the users' content activated a kind of buzz around the product, rising in this way the already high popularity of Coca Cola's brand. As a result the enterprise decided to broadcast the video on late night television ensuring also a large distribution across different content communities (Kaplan & Haenlein, 2010, p. 65). This is basically a clear example of how web 2.0 should be looked as a challenge rather than a threat, especially because in most of the cases it represents a vehicle to reach a high user base and turn the "crowd" into a brand promoter.

However the boundaries of web 2.0 notion have often been confused with some other parallel and interrelated concepts as Social Media and UGC. According to Kaplan (2010), UGC is a way of using social media "[...] *is usually applied to describe the various form of media content that are publicly available and created by end-users* (Kaplan & Haenlein, 2010, p. 61)". They basically need to satisfy some requirements as the availability of the contents on a public website, they have to be characterized by creativity and be developed outside the professional sphere. The evolution of UGC has been also further promoted by the availability of broadband on a large scale, the spread of Smartphone devices but furthermore by the emergence of a

youth generation radically involved in online social activities, the so-called “digital natives” or “screenagers” (Kaplan & Haenlein, 2010, p. 61). Examples of UGC are video sharing such as YouTube or photo sharing as Flickr, Instagram or Pinterest.

3.2 From web 2.0 to web 3.0

Web 2.0 has definitely marked a new movement in the Internet generation and promoted new forms of mass communication characterized by the risen of user democracy. As previously claimed, web 2.0 can be considered as an open scenario under development, therefore in the last few years a new stage commenced to emerge in the Internet environment: the shift from web 2.0 to the new 3.0 version.

Imagined by web developers and foreseen by Tim Berners-Lee (the creator of the World Wide Web) the new web 3.0 embraces the concept of semantic web, sorts of real communications between machines in order to create meaningful data for users, a concept still technically unfeasible at the time of Internet’s emergence.

Even though web 3.0 doesn’t represent the main topic of this master thesis, it is fair to mention the current transformation of web 2.0 into this new and unexplored stage in the way of getting a general overview of the whole scenario. According to Garrigos- Simon et al (2012) web 3.0 can be defined as “*intelligent agents that can automatically manipulate Web services (read-write-execute) and help firms react to changes quickly*” by integrating data and applications from different resources, providing “*the ability to infer relationships between data in different applications or in different parts of the same applications*” (Garrigos-Simon, Alcamí, & Ribera, 2012, p. 1883). Due the web 3.0 the data are more meaningful and understandable in the sense that they are not gathered together as a set of HTML pages posted on the Internet, but is more a set of applications and data collected which are richer in terms of information.

The result of this new trend is defined by the fact that a growing number of applications are trying to exploit the cooperation of the “Internet crowd” and working in order to create databases of organized data. A practical example of such feature based on cumulative collaborations is the business on which the success of

Salesforce.com is based. Salesforce.com works essentially on cloud services by creating databases that gather and integrate different typologies of data such as statistics, companies' information, consumers' profiles and so forth. All these services are afterwards sold to companies in order to allow a better understanding of the user base's characteristics and strengthen the relative marketing strategies. An additional example is Quora.com, an online service created by a community of contributors which gather questions and answers formulated by users according to different kinds of topics and uploaded through this social network. These examples demonstrate how web 3.0 technologies exploit the cooperation in order to create web data and organize them in an intelligent manner. In other words, if we want to make a sort of discriminant between web 2.0 and web 3.0, we can state that the former is essentially based on the user participation than the latter mainly exploits the user cooperation in order to generate meaningful information (Barassi & Treré, 2012, p. 1273).

Due to this great availability of information, now companies can easily exploit the technologies of web 3.0 in order to personalize the product brand and service according to the users and firms needs, this dynamic based on the information's acquisition enhances marketing strategies thanks to a deep understanding of customers' requirements and behavior (Garrigos-Simon, Alcamí, & Ribera, 2012, p. 1884).

In the wave of this new dynamics computers are not anymore machines but more artificial intelligences, which are able to interact with users in a more friendly way. Think about Siri, the technology developed by Apple for the iPhone products, users can ask disparate questions by voice and obtain information, suggestions even chatting with their devices by building a growing interaction over the time.

3.3 Social Media

Once clarified the distinction between web 2.0, web 3.0 and UGC, it is now possible to provide a definition of social media. According to Kaplan (2010) social media is a "[...] a group of Internet-based applications that build on the ideological and

technological foundations of web 2.0 and that allow the creation and exchange of User Generated Content (Kaplan & Haenlein, 2010, p. 61)”. In a sense web 2.0 and social media are tightly interrelated with each other considering that web 2.0 acted as base platform on which social media evolved.

Social Media represent a very broad category which encompasses different kinds of elements, such elements can be summarized through the classification provided by Kaplan (2010). But before commencing with a more detailed distinction, it is better to take into account the factors on which this classification will be made: the social presence/media richness and the self-presentation/self disclosure.

The media richness theory (Daft and Lengel in: Kaplan & Haenlein, 2010, p.61) states that the main objective of any kind of communication is the reduction of ambiguity and uncertainty, this treats some media differently from other according to degree of richness that they possess. The richness is “[...] *the amount of information they (the social media) allow to be transmitted in a given time interval* [...] (Kaplan & Haenlein, 2010, p. 61)”. The media differ also on the degree of “social presence” defined as “[...] *the acoustic, visual, and physical contact that can be achieved* (Ibid. p. 61)”. The higher is the social presence, larger will be the influence that one partner has on the other.

Differently from the first concept, the self-presentation and the self-disclosure are related to the image that people want to give to the others, this is the main reason why users decide to create a virtual personal profile, disclosure themselves and share their contents online. If we mix up those two factors aforementioned we can obtain the following distinctions depicted by the table.

		Social presence/ Media richness		
		Low	Medium	High
Self-presentation/ Self-disclosure	High	Blogs	Social networking sites (e.g., Facebook)	Virtual social worlds (e.g., Second Life)
	Low	Collaborative projects (e.g., Wikipedia)	Content communities (e.g., YouTube)	Virtual game worlds (e.g., World of Warcraft)

Table 3 - Classification of Social Media by social presence/media richness and self-presentation/self-disclosure (Kaplan & Haenlein, 2010, p. 62)

3.3.1 Collaborative projects

Collaborative projects are “*Website which allow users to add, remove, and change text-based content* (Kaplan & Haenlein, 2010, p. 62)”. An example is Wikipedia, the online encyclopedia which enables users to constantly update and modify information, in this case both self-disclosure and media richness are at a low level.

3.3.2 Blogs

Blogs are the first form of social media which include the possibility to connect and create a network also through blogroll (the list of other recommended websites). These instruments have been used also to update companies’ employees, customers and shareholders. The blog managed by Schwartz, CEO of Sun Microsystems, or General Motors, represent good examples of how blogs can be used as a vehicle to improve company’s transparency towards its consumers. The media richness is low, since they are not updated so frequently compared to other platform as Twitter, but the self-disclosure in this case results higher due to the great amount of personal information updated on each post

3.3.3 Content communities

Content communities are basically created to share contents among users such as texts (BookCrossing), photos (Flickr), videos (YouTube) or PowerPoint presentations (Slideshare). Even though this kind of social media rose issues concerning copyright infringements, their high popularity pushed companies to exploit this tool in order to promote their brands and image among users through video and photo contests.

3.3.4 Social network sites

At this point more reflections will be spent on social network sites since they represent the most significant revolution in the area of social media, especially for the growing number of subscriptions that day by day make these platforms increasingly popular.

As a starting point we can take into account the definition provided by Boyd and Ellison (2008).

“We define social network as a web-based services that allows users to (1) construct a public or semi-public profile within a bounded systems, (2) articulate a list of other users with whom they share a connection, and (3) view and transverse their list of connections and those made by others within the system. The nature and nomenclature of those connection may vary from site to site (Boyd & Ellison, 2008, p. 211)”

What makes social network a peculiar media tool is the possibility for users to make visible their social ties which are in most of the cases the result of real relationships carried on into the real life. If at the beginning of web 2.0 instruments such as public chats were mainly used to get in contact with new and strangers people, now social network are mostly used to strengthen real social ties thanks to easier and faster ways of computer-mediated communications. (Boyd & Ellison, 2008, p. 211). So far, among the most popular social network, we can definitely mention Facebook and Twitter. In this case the self-disclosure proves to be high since they are used to update texts, photos, videos and interact with other user through other applications as the online games incorporated in such platforms. Also the media richness is higher than blogs since, as stated before, status, picture and other contents are updated more often and quickly than blogs. Think about the micro blog twitter, in this case the status updated can be contained maximum in 120 characters but the shortness of the sentences pushes users to upgrade news and information more often.

Within the category of social media, social network is that which experimented a long gradual evolution which commenced from 1997 until nowadays. According to the definition provided by Boyd and Ellison (1997) the first form of social network was SixDegrees.com, a website which enabled users to create a profile, gather friends and prompt easy online communications between clients. Even though it

attracted a great deal of users, Six Degrees failed to become a sustainable business and the service was shut down in 2000 (Boyd & Ellison, 2008, p. 214). In the meanwhile several social networks started to conquer the Internet scene but a turning point occurred in 2003 with the emergence of MySpace. The site acted as an attraction vehicle for those Los Angeles bands that wanted to promote their music beyond the conventional promotion campaigns adopted by music labels. Indeed the structure by which My Space was designed, such as the chance to personalize user profiles instead of use a static html page, was a characteristic pretty appreciated from those who wanted to originally express themselves and their identities.

“More than 240.000 artist are using MySpace as a way to mark themselves and build a fan base (Cohn, 2005)” My Space opened up the door to a sort of democratization of the musical landscape enabling the emerging artists to easily communicate with their audience, gather a larger user base and promote themselves without the support of the music labels (Boyd & Ellison, 2008, p. 215).

Following a chronological approach, the next big shift after MySpace is represented by the emergence of Facebook. In 2004 Mark Zuckerberg launched Facebook as a platform available only for the small niche of Harvard’s student network, one year later the opportunity was extended all to all the high school students in US and finally to everybody who wished to make an online profile.

Looking at Facebook from a psychological and social angle, it is interesting analyzing how the modern Internet user approaches to this kind social media not for meeting new people but for maintaining existing offline relationship instead. (Boyd & Ellison, 2008, p. 221) Even though the relation is held at an acquaintance level, there are always some common elements (such as the same school class or the same working place) that push people to tie “virtual” relationships once met in real life experiences. Furthermore social network are not constructed around a specific interests or topics that associate people, as can happen in certain virtual communities such as blogs or forums, but they’re basically built upon people “personal”(or “egocentric”) networks (Boyd & Ellison, 2008, p. 219).

Another revolution in the social network history has been marked by the emergence of Twitter. The platform owes its fortune to the increasing popularity received among celebrities who started to use this micro blog to update their status and be constantly connected with their fans in real time. Differently from Facebook, twitter generates fully public profiles with status updates contained in 120 characters. Furthermore the common use of the hash tag (#) created a new trend for categorizing topics into keywords, easily find all the related tweets (status, updates) and streamline the research processes. Beyond the exploitation of a personal use, Twitter represent nowadays one of the primary vehicles of information for the spread of breaking news. If a few years ago we were got use to fin out upcoming events by switching on the television, in the era of social network the news jump directly online and Twitter represents in most of the case the first and primary filter.

Another relevant social network that needs to be mentioned is definitely LinkedIn. Founded in 2003, LinkedIn was mainly created to share only professional ties and made up a sort of online resume. Nowadays the function that the website enables to do are multiple, not only is it possible to create professional networks but the way of the website is structured allows also to understand the degree of connection that an individual has with another (first connection if there is a direct link, the second connection if there is a friend in common and so on). In a world where the networking and shared connections are extremely important, especially for business, LinkedIn has definitely made a big change in the way of companies and employers connect with future and potential workers.

They can be mentioned other typologies of social network and platforms developed in several fields as photography (Pinterst, Intagram) or music platforms (Spotify and Pandora) but at this stage I prefer to restrict the field to the examples aforementioned because first of all they symbolized the milestones in the history of social network, second they revolutionized the overall scenario and finally they opened up opportunities for similar competitors.

Once clarified the notion and role that social networks have in social media panorama, is it now possible to move to the next category mentioned in the table 1: the virtual game/social worlds.

3.3.5 Virtual games/social worlds

As the table one depicts, the category of virtual and social games presents the highest degree of self-disclosure and media richness. Basically such type of media uses 3-d platforms that replicate a real life in a virtual world handled by users through the creation of an “avatar”. In the case of social worlds the most successful example is “Second Life”, the virtual worlds developed in San Francisco from Linden Research Inc.

The popularity of Second Life comes from the huge range of actions that occur among users’ interactions but also from the large variety of contents (high media richness) that can be created such as clothes, furniture or even buildings where placing your own business and make money on it. In this sense Second Life offered to the modern organizations a virtual environment where promote their own brands, communicate with users but also virtually sells their services/products.

Differently from virtual worlds, the game/social worlds mainly enable people to play simultaneously with other users connected to the same service. An example of these kinds of media is the imaginary universe of “World of war craft”, with its 12 million of active subscriptions, this game allows users to surf the virtual world of Azeroth in the form of humans or monsters (Kaplan & Haenlein, 2010, p. 64).

Even though this typology of social media started to evolve independently, nowadays is very common to integrate them into social network platforms. Indeed Facebook created a virtual app center (Like the App Store or Google Play) which gathers all those kind of applications characterized by “social activities”, especially games. As a consequence the high popularity gained from these apps raised the number of online advertising and increased the occasions to launch marketing campaign among online users (Kaplan & Haenlein, 2010, p. 64).

3.4 Mobile social media

Once acquired an overview of the different concepts that shaped the new Internet environment, in this paragraph will be presented how social media are integrated with the upcoming technologies of mobile phones. The theoretical assumptions regarding mobile social media represent the background for the analysis section where will be further addressed how these new tools can be used for marketing purposes and which is the business potential that can be exploited.

Mobile social media is a phenomenon which went hand in hand with the evolution of Smartphones and tablets but also with the consequent diffusion of mobile Internet services on a large scale. Such phenomenon during the last decade penetrated significantly into the modern industrialized society capturing a large variety of consumers, from children to elders. Mobile Smartphones impacted not only the communication system but also the culture and user's attitude towards information's seeking and media contents. Such circumstance led to a change into the operating systems' designs, radically improved due to the application integration and their availability through online markets such as the App Store or Google Play.

Nowadays it is rare and almost impossible do not find specific apps which recall a product, service, or brand. In other words they embrace every kind of entertainment, social or educational requests, reason why the Smartphones devices became effectively a profitable environment for social media marketing.

When Apple launched the iPhone in 2007, the diffusion of Smartphones as common-use tools became worldwide due to the high sales volume which counted over 100 million pieces sold.

Since then, the spectrum of actions available through a Smartphone enlarged gradually according to the increasing number of applications developed (more than 250.000) and the performance improvement through upgrade systems.

Being aware of this new trend, companies as Gowalla (2007) and Foursquare (2007) came into the scene by developing applications designed specifically for a mobile use, opening the door to a new form of mobile marketing: the "mobile social media".

What Foursquare and Gowalla did was to enable users to “check in” their positions on the Internet and share them with other friends. Following the success of the aforementioned companies, other companies from the Internet-based business landscape commenced to launch their own mobile applications such as Google Latitude (2009) and Facebook Places (2010) or the most recent “Find my friends” from Apple (2012) (Kaplan A. M., 2011, p. 130). Let’s see more in detail what is mobile marketing and what is the meaning of this notion.

According to Kaplan (2011) “[...] *we define mobile marketing as any marketing activity conducted through a ubiquitous network to which consumers are constantly connected using a personal mobile device* (Kaplan A. M., 2011, p. 130)”.

Basically the mobile marketing requires 3 conditions: an ubiquitous network, a constant access to it and a personal mobile device.

The term ubiquitous network, coined by Mark D. Weiser (1991) chief scientist at Xerox PARC in Palo Alto, doesn’t refer necessarily to one single network but rather than with a combination of different networks and an easy switching from one to another (for example from WiFi to 3G) (Kaplan A. M., 2011, p. 130).

Differently from the previous definitions of traditional social media, we can now define mobile social media as a “[...] *group of mobile marketing applications that allow the creation and exchange of user-generated content* (Kaplan A. M., 2011, p. 131)”. One of the most interesting aspects of mobile social media it is the way they changed the company-consumers communication enabling a more targeted one-to-one interaction. Indeed when users “check-in” in a certain locations in a sense they are suppose to be more willing to receive information about the place recently visited, in this way companies avoid the risk of being annoying with unwanted advertising and promotions. (Kaplan A. M., 2011, p. 131).

But what push an individual to share information about his/her location? According to Kaplan (2011) one possible answer could be find out into the self-disclosure theory mentioned in the paragraph 3.3, in the sense that people reveal information of their selves in the way of they like to be seen by the others. And a second reason

could be found into the impulsiveness theory, “*people constantly struggle between displaying long-term control and giving short-term temptations* (Kaplan A. M., 2011, p. 132)” According to this assumption, it might be possible that people are willing to share their location on the Internet for the same reason why they decide to purchase a candy into the drugstore, it is just impulsiveness dictated by the moment.

Other reflections regard the reason why users should be in somehow interested in receiving updates regarding other users’ positions. A first reason lays in the fact that users can quickly know where are their friends and join them in the activity. A supplementary psychological explanation it is consider this sort of information (combined with instant comments and geo location) more meaningful in term of personal aspects revealed rather than a long letter written by email for instance. As far as emails overcame the boundaries of the time, the shortness of messages is gradually gaining the upper hand within the landscape of online interactions (Kaplan A. M., 2011, p. 132).

3.5 Network externalities

It has been argued so far how social media significantly became popular and common-use tools during the last decade, such viral diffusion of media contents presents the same dynamics that generally occur within the communication field and the products associated. These dynamics are better known as network externalities, concept deeply interrelated with the world social media.

According to Lin and Bhattacharjee (2008) network externalities is “*the value or effect that users obtain from a product or service will bring more values to consumers with the increase of users, complementary product or, service*” (Lin & Lu, 2011). Applying this definition to social media it is possible to state that the more customers are involved, the more they can gain benefits form the growing network.

Another concept that is extremely related to network externalities is the notion of critical mass. According to Chena et al. (2012) a critical mass is “[...] *the threshold*

beyond which active participants expand rapidly [...] the practicability of the network would be proportional to the square of the number of users and the added value of network products will grow in proportional to the square of the number of computers connected. When the number of users reaches a critical mass, the value of the network will grow geometrically (Chena, Yenb, & Hwang, 2012, p. 935)”

A classic example of network externalities and critical mass is the case of cell phones, when the number of users grows until reaching a critical mass, this leads to mutual benefits between users (it grows the possibilities to have correspondences with peers) but also third party application developers (software developers) who are more incentivized to improve the cell phones' performances for a larger user base. The same happened with Facebook, at the beginning it was developed mainly to keep in touch with the fellow students from Harvard University, but when the social network reached a pick in terms of popularity, the features and the functions became further accurate until arriving to a popularity's level that now we can consider Facebook as one of the main communication vehicles all around the world. It is very huge the gap of improvement that Facebook has reached since its emergence, starting with simple features as the possibility to create and upgrade personal profiles, now Facebook enables users to plan events, play online games, make video calls, functions that didn't exist at the early stage but now are made available due to a growing number of users aware of this large variety of complementary services.

Furthermore many academic researches (Gupta & Mela, 2008; Katz & Shapiro, 1985; Lin & Bhattacharjee, 2008) made a distinction between direct and indirect network externalities.

Direct network externalities increase generally with the number of users ((Lin & Lu, 2011, p. 1153), for example when a social network enlarges its user base, individuals can interact with more peers. Indirect network externalities are related to complementary product services and functions accessible from users due to the network growth. For example iOS and Android are two of the most popular

operating systems for Smartphones compared to others as Windows Phone OS. Even though the characteristics of a service or product are perceived as superior, the customer purchase decision is highly influenced by the availability of complementary applications as an additional value. In the case of the mobile operating systems, the wider adoption of iOS and Android is a consequence of the fact that there are more applications running on them. Another example specifically correlated to Social media is the difference between Google + (the social network launched by Google in 2011) and Facebook. Through a Facebook account users can access to games and purchase other social applications into the App Center (Facebook virtual market), features that are not included into Google+

After acquired an overall knowledge about social media, I decided to include a another paragraph which embraces more specifically marketing theories. The purpose of this choice lies in the fact that the ultimate aim of this thesis is to understand how social media can improve the CRM and building a new framework based on the Starbucks experience. Thus it will be presented below what we mean with CRM from a theoretical angle.

3.6 CRM

The Customer Relationship Management is a concept that emerged along with the increasing emphasis on the customer satisfaction. If in 1850 companies based their productions on an average preference, nowadays the offer is more customized according to the different individual preferences, this aspect led to a perspective based on a customer-orientation and a mutual creation of values for both firms and clients (Faase, Helms, & Spruit, 2011, p. 7).

Several are the definitions of CRM but since this work is based on the role of social media, I decided to adopt a definition that takes into account also the technological aspects of this concept.

“At the core, CRM is an integration of technologies and business processes used to satisfy the needs of a customer during any given interaction. More specifically, CRM

involves acquisition, analysis and use of knowledge about customers in order to sell more goods or services and to do it more efficiently (Bose, 2002, p. 89)”

To be more specific, CRM involves the analysis of four main domains:

- 1- The customer behavior, the understanding of this aspect is relevant in order to have a better vision about what the client wants and which are his/her needs that can be spotted and satisfied.
- 2- The use of information technologies is another core element to take into account in order to gather information about customers and create a mutual interaction through social media, emails, phones, websites, online communities and so on.
- 3- Once understood more in detail the individual customer behavior, the next stage entails a micro segmentation of the market in relation to the consumer needs. This stage is relevant in order to make clients treated individually.
- 4- The final stage regards the achievement of the customer loyalty which leads to the retention of the consumer and the increase of the customer lifetime value. In other words is relevant for companies to make the consumer profitable as much as possible in a long-term vision (Faase, Helms, & Spruit, 2011, p. 9).

All these steps can be achieved only if the organization is willing to give regular updates to its own customers and keep them involved and interested in firms' activities. In a sense the CRM can be considered as a base for the customer satisfaction. In the analysis section we will see how the influence of web 2.0 has changed this concept leading to a new form of CRM denominated “Social CRM”

IV Analysis

After providing a detailed theoretical framework concerning the social media landscape, at this point it will be discussed further how these tools can be used for enhance the activities involved into the CRM, how in turn this process improves the consumer experience and in which manner social media foster innovative marketing strategies to attract large communities of clients. All these concepts are connected with the sub questions presented in the paragraph 1.. In this section the topics will be presented as follows: first of all it will be argued why the shift from traditional to social media-approach marketing occurred, afterwards it will be provided some more details about mobile marketing with reflections related to the improvement of the customer experience.

4.1 The groundswell

Historically, all the decisions concerning marketing communications and strategies were basically limited between companies and agents such as advertising agencies, consultants and marketing researchers.

When the progresses of the communication technologies were at their early stage, all the information outside the company's boundaries were left to the word of mouth in order to be spread. But if 20 years ago the influence of the word of mouth used to catch only a limited spectrum of consumers (mostly because of the lack of advanced communications tools), nowadays the development within the Internet network led to a drastic shift in the way people communicate and in the way they can influence companies' decisions. Internet with the support of social media can be considered a filter for any kind of information and data, especially customers' opinions and experiences documented by the great deal of forums and blogs that every day take up the Internet environment. As a result marketers not only have to take care about the way they launch information from their direct communication channels, but also they have to adopt a good system of monitoring over the spontaneous conversations originated on the web.

Now customers can easily post recommendations, comment video advertising on YouTube or define a new product on Wikipedia. This social phenomenon led to a significant shift in the way of marketing strategies have been working so far, a shift further analyzed by Bernoff and Li (2011) and called "Groundswell", "*a social trend in which people use technologies to get the things they need from each other, rather than from traditional institutions like corporations* (Bernoff & Li, 2011, p. 9)".

Many examples can explain the roots of this phenomenon that commenced even before the emergence of the first forms of social networks and embrace nowadays different kinds of business. Take into account eBay, over the time users revealed an increasing willingness in exchanging and buying product on Internet instead of going to the "physical store", rent house seekers look for the offers directly on Craigslist instead of looking the announcements on a newspaper or it is possible to adopt a free open source operating system as Linux (a product conceived by a free community of engineers spontaneously teamed-up) instead of relying on big companies' products as Windows Microsoft. Even the music market has been subjected to a shift if we think that software as iTunes enable people to quickly download music instead of buying the compact disk, or social network as Sound Cloud and My Space which have given the chance to musicians to promote their own records through the web. Such enlargement of choices available for consumers can be considered the roots of the Groundswell and the base of the increasing customer's power. (Bernoff & Li, 2011, p. 9).

To be more specific, the Groundswell is the combination of three forces: people, technologies and economics. First of all, people have always teamed up with each other to enforce their strengths, think about rebellions against institutional power or political revolutions (most of us remember how London rioters in 2011 spread their rumors on Twitter for instance) this circumstance rose the people's desire of connecting each other easier and faster. The second force is technology, especially upcoming innovation concerning communication tools. According to Bernoff & Li (2011), almost everyone has online access (in 2006 73% of Americans and 64% of Europeans), more than 50% of Americans has online access to broadband Internet and connections on their self- phones. Finally the third force concerns the

economics and money that originated from Internet-based business. By 2007, the incomes of online advertising reached \$14.6 billion in United States and \$7.5 billion in Europe. These figures demonstrate that people are more willing to be hooked up from Internet advertisements than any other media since they spend more time and attention by surfing the web. The combination of this three forces opened the door to a new era where companies are constantly challenged to reinvent their marketing strategies, care about online rumors and see the customer more as a valuable resource rather than beforehand (Bernoff & Li, 2011, p. 11).

The dynamics aforementioned have made up a new communications paradigm “[...] where marketing managers should recognize the power and critical nature of the discussions being carried on by consumers using social media” (Mangold & Faulds, 2009, p. 360)

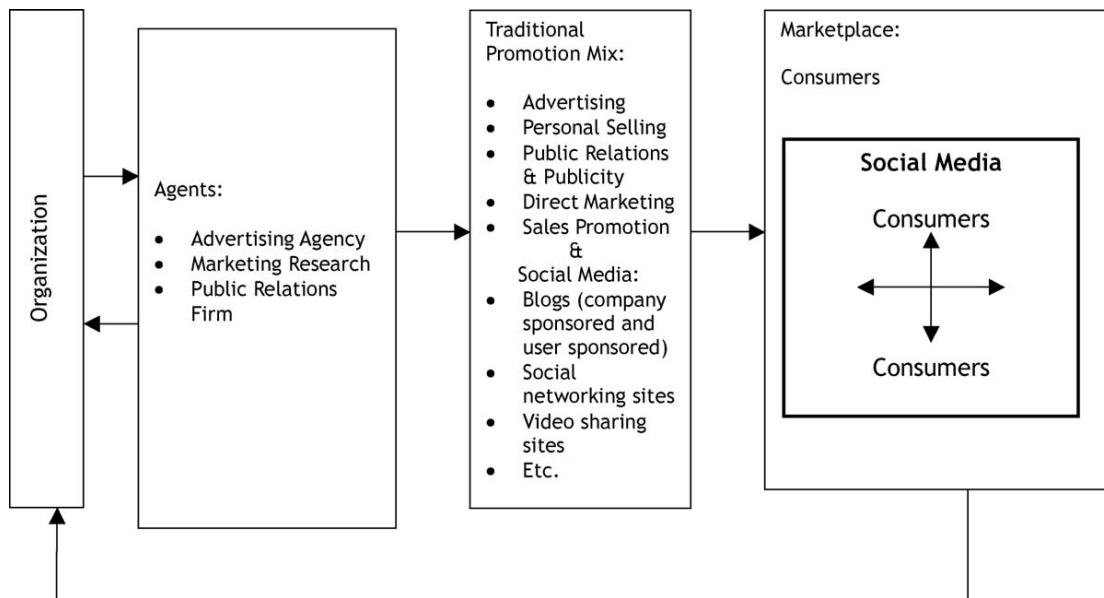


Table 4 - the new communications paradigm (Mangold & Faulds, 2009, p. 360)

There are several arguments that demonstrate how customers have strengthened their role towards company’s marketing strategies.

First of all, due to the emergence and diffusion of social media, Internet is now the the main medium for consumer information and this is also one of the factors that led to a general switching from traditional media, as radios, televisions and newspapers, to the new vehicles of communication. Furthermore, it has occurred a

change in the way of consumer controls the media, in the sense that the access at the information must be easy and immediately available according to their needs. It is also demonstrated by several researches that consumer consider social media as a more trustworthy source of information compared to messages forwarded directly from companies. This trustworthiness derives from the customer-peers opinions that generally are consulted among forums and blogs before taking a purchase decision. This is a reality which companies have to deal with and accepting that the majority of information concerning their product or services undergone the word of mouth process which passes essentially through the filter of social media. Second, it is relevant to be aware that information generated on the Internet have an impact on whole consumer behavior, from the decision making to the expression of satisfaction or dissatisfaction post-purchasing. Finally, it is necessary for marketers to be able to talk with their user base instead of talking at it, in the sense that they have to be able to capture the information diffused into Internet environment and create a sort of control over them. (Mangold & Faulds, 2009, p. 360)

Internet created a comfortable space for people who likes to share opinions about similar interests, this aspect has the potential to turn into an advantage if marketers create specific platforms for triggering spontaneous conversations concerning products, services or industries and subsequently set up a constant activity of monitoring in order to get information

Generally people are keen to team up with each other and talk about similar interests; this aspect can be exploited by companies by creating specific platforms related to their own products. For example Dove, the personal care brand owned by Unilever launched the “campaign for real beauty” with the aim of gathering women who wish to enhance their confidence and share opinions concerning real standards of beauty. Even though the campaign wasn’t specifically related to the product, but aspects related to it (the beauty), the creation of a free space for sharing considerations, truly helped Dove to shape spontaneous conversations and assume a “peer role” within customers' rumors (Mangold & Faulds, 2009, p. 361):

4.2 Changes in the business environment

Having a clear understanding of the general landscape of social media from a theoretical angle, now it will be presented how these ongoing changes into the Internet space are affecting also the business panorama. The power of social media has prompted a stronger and faster communications not only between individual but also among firms leading to an enlargement of shared knowledge and an improvement of company skills and capabilities. This aspect is absolutely relevant nowadays, especially if we take into account the resource based view theory which considers the knowledge as a basic source of competitive advantage. As Kalpic[˘] and Bernus argue (2006) " *the pace of adoption of Internet technology, especially the establishment of intranets, extranets, web portals, etc., has created a networking potential that drives all of society and corporations to work faster, create and manage more interdependencies, and operate on global markets* (Kalpic[˘] & Bernus, 2006, p. 41)".

Moreover social networks and virtual communities enable not only an easy sharing a knowledge but make possible to access to loads of information at lower costs in terms of money and time. As Lin and Hsueh (2006) state "[...] *in the Internet era, [...] in order to shorten the learning cycle, an individual can exploit the experience of others to enlarge his or her experiences, which can be carried out by sharing explicit knowledge on the Internet* (Lin & Hsueh, 2006, p. 552)." Some authors also noticed a sort of shift from "value chain" to "value network" concept, in the sense that for Internet-based business nowadays outputs are basically no-physical products, therefore it is roughly incorrect refer to the value chain in the absence of a physical dimension. As a consequence value is the direct output of an interactions between actors into the network (Garrigos-Simon, Alcamı, & Ribera, 2012, p. 1881). The factor that mainly makes social media exceptional tools in terms of new marketing strategies implementations, is the fact that they can be easily exploited as communications channels between enterprise, customers and all those shareholders which turn around company's life. In addition since social media enhanced an huge proliferation of information, such instrument can be used to

target buyers and find out more about psychological behaviors in order to organize product promotions according to that. In this way, the ongoing innovations that are occurring into the social media are inducing relevant changes in working practices and procedures within and outside companies, strongly affecting selling and promotional techniques which are progressively based on customer's involvement and loyalty (Garrigos-Simon, Alcamí, & Ribera, 2012, p. 1883).

4.3 Mobile social media - the business potential

After having a clear picture of what mobile social media exactly means, in the lines below it will be presented a more detailed explanation regarding the business potential and the marketing application that mobile social media offer.

It was previously argued how social media, combined with new technologies as Smartphones and tablets, have generated powerful instruments for encourage viral marketing phenomena. It has been showed also how some companies such as Foursquare and Gowalla have been able to make a business based on geo-locations sharing among users.

The beneficial impacts of mobile social media over marketing strategies are several. First of all they enable accurate data collection concerning customers' behaviors in a smart and quick way, especially because they offer the possibility to get information about how many times a customer visit a store, how often it returns, what is his/her opinion about the experience according to the judgments expressed through mobile applications.

In the specific case of Foursquare, general statistics are easy to make thanks to the systems' features which display the time of the check-in, which customer repeats this activity more often into the same place (the so called "mayor") and according to the information profile (such as age, gender, nationality, occupation), sketching which sort of target usually visits the shop has become extremely simpler and faster compared to older methods. If historically making statistics based on user's characteristics used to be a cumbersome activity, nowadays such instruments have significantly streamlined the data collection procedures (Kaplan A. M., 2011, p. 133).

In order to clarify this point we can take as an example the collaboration between Safeway- North America (the second largest supermarket chain) PepsiCo and Foursquare. Safeway offered exclusive discounts to all consumers which linked their Foursquare profile to their Vons Club loyalty program card. The discount was chosen based on the customer habits according to his/her Foursquare check-in. For example consumers who use to make early morning check-in in the supermarket might have discounts on orange juices or oats for their breakfast. This is the demonstration of how this mediums can be an excellent instrument in order to adapt special offers on buyers' habits without taking the risk to be invasive or annoying, and at the same time rise the customers satisfaction thanks to special treatment tailored on their lifestyles and needs (Kaplan A. M., 2011, p. 133).

In a sense social media changed also the customers' loyalty strategies. A classic example of loyalty program is a card that is mainly used to collect a number of consumptions that, once reached a certain level, rewards the consumer with some prizes or special offers. Even though this loyalty program is still practiced among firms, also in this case mobile social media made a step ahead. For instance Foursquare developed loyalty programs for users who most check in at the same place during the previous 60 days, those users (nominated "mayor" of that place) receive as a pay back substantial benefits, as free pizza at Domino's Pizza in UK on Wednesday or eat for free at the Golden Corral restaurant chain (Kaplan A. M., 2011, p. 134).

Sometimes happens also that customers' rewards are not necessarily a discount but simply a mutual benefit relationship as in the case of Metro Canada, a Swedish media firm which use Foursquare for its free daily newspaper. If users follow metro Canada they can receive in turn detailed reviews of restaurants located near their positions (Kaplan A. M., 2011, p. 133).

Furthermore mobile social media significantly contributed to the diffusion of UGC that in some case can unexpectedly turn into profitable investments for marketers. For instance McDonald's in 2010 Foursquare Day (April 16) offered \$5 and \$10 gift cards to those customers who checked in their position among a range of company's fast foods, this offer rose the number of visits by 33% and led to a the viral diffusion of news, tweets and blog spot which promoted the McDonald's offers.

The example aforementioned are the evidence of the deep interrelation between mobile social media and sale promotion, activity considered by Kaplan (2011) as one of the most boring among the marketing procedures, reason why he regards Foursquare as the "beautiful swan of social media".

The simple usage of mobile social media from marketers doesn't ensure a successful strategy, indeed it is also relevant to combine the social media presence with and appropriate usage. Basically there are three main assumptions that need to be taken into account in order to construct a worthy and efficient marketing strategy: users' integration with new technologies (in this specific case the mobile phone into customer's life), individualization of the offer and involvement of customers for the diffusion of UGC (Kaplan A. M., 2011). These are crucial elements in the word of web 2.0, especially the ability to create dialogs and conversations with people in order to evaluate positive but also negative impressions. *"Negative comments are certainly not good for your business, but no comments might even be worse; in this case, no news can indeed be bad news* (Kaplan A. M., 2011, p. 136)".

4.4 Social CRM

In the section 3.6 it has been presented the concept of CRM from a theoretical angle, therefore the present paragraph has been included in order to get an overview of how the evolution of social media has influenced the traditional conception of CRM. Basically the combination of web 2.0 (today we can refer also the new web3.0) and CRM has been nominated by Mohan et al. (2008) Social CRM, more specifically it refers to *"a CRM strategy that uses Web 2.0 services to create engagement between the customer and the firm, which results in mutually beneficial value* (Faase, Helms, &

Spruit, 2011, p. 9).” In other words social CRM triggers a mutual interaction between marketers and their user bases giving to the customer an high control over relationship established. In this manner organizations can learn from their consumers through the dialogs developed online, understand their needs, solve emerging issues and exploit emerging ideas as Starbucks does with its own social network My Starbucks Idea. An appropriate method for the implementation of a social CRM doesn't entail one best way, especially because this instrument is the result of a combination between different mediums which engage traditional marketing mix, social media and new technologies. Basically the success key is to find the most suitable instruments and integrate them properly with each other. For example Starbucks combined paper-based advertisements with QR code on the flyers handed out to the customers, in this way coffee drinkers can scan the code with their Smartphones, find digital contents on Internet and get more information about Starbucks product. This is a clear example of combination between traditional element (flyers) new technologies (devices which scan the code) and web-based advertisements (digital content accessible through the scanned code). According to the description provided by Faase et al. (2011) the social CRM can be summarized in the figure showed below:

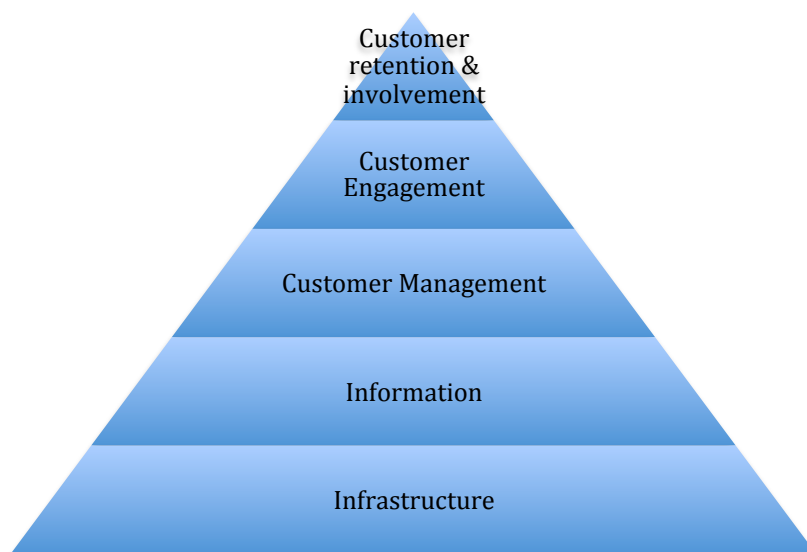


Figure 2 – Social CRM (Faase, Helms, & Spruit, 2011, p. 11)

Each layer supports the others and the progressive development of social CRM toward the customer satisfaction.

“Infrastructure facilitates information, information facilitates customer management and customer engagement and this ultimately leads to customer retention and involvement, the outcome of social CRM (Faase, Helms, & Spruit, 2011, p. 10)”

As you can see from the picture, the pyramid entails five layers further explained above:

- the *infrastructure* implies both standard CRM's components and elements specifically related to web 2.0 such as lightweight models (program, protocol or device simpler or faster than similar model) open platform and enabling services
- the *information* is related to customers' data collected into CRM infrastructure and gathered from web 2.0 services controlled by firms. The information layer is also responsible for one-way communication such as advertisements and promotions sent directly to customers;
- the *customer management* is part of the traditional CRM but also social CRM. According to the data received at the previous stages, in this phase retaining strategies are elaborated with the aim of building long-term relationships with the user base;
- the *customer engagement* is based on the construction of a mutual communication with buyers, made possible by giving them points of contact through the use of web 2.0. In this circumstance it is relevant to exploit the "power of the crowd" (for further detail see paragraph 4.6) and enable the spread of UGC for a more active participation and engagement;
- the ultimate stage represents the final outcome of the social CRM : the clients retention and involvement, a concept deeply related to web 2.0 since it endorses the involvement of the customer and pushes companies to hear the "crowd's voices" through UGC (Faase, Helms, & Spruit, 2011, p. 10).

A comparison between traditional CRM and social CRM led to consider how deeply web 2.0 is involved into the process and how positively impacts in terms of data collection and consumer's behavior understanding. IN the case study analysis this model will be further modified accordingly to Starbucks' features and strategies that in turn will lead to the construction of a new framework.

4.5 Monitoring the customer experience

One of the sub questions proposed into the introduction chapter raised an interrogative concerning the modalities of customer's involvement into online communities as a departure point for the improvement of the whole customer experience.

It has been depicted how the evolution of web 2.0 and 3.0 technologies has radically changed the role of consumer from a passive actor to an active player, participant and contributor. Furthermore, the evolution of social media has changed the concept of social networking by pushing organizations to be more open with its buyers and all the stockholders which directly or indirectly have to deal with the organization's activities'. Such involvement doesn't concern only feedback, but also a more intensive collaboration at different stages, from the definition of the product to distribution, communication and sale services (Garrigos-Simon, Alcamí, & Ribera, 2012, p. 1885). Only through cooperation it is feasible to develop a good understanding of the customer and figure out a precise segmentation of the market as point of departure for efficient marketing strategies.

For example Carrefour, one of the mass retailers in Europe, through a technology named RFID (Radio Frequency Identification), identifies buyer's behavior by tracking shopping trolleys and travel paths inside the store. Grounding on this procedure, Carrefour can identify the most visited areas where customers do shopping, control shoplifting and decide the most appropriate time to refill the shelves. In addition Carrefour's website enables user to track their personal loyalty card account (Euros collected), check out recent purchasing, create a shopping list and share it with family or friends. The information gathered through the website (data such as previous products consumed or demographic situations) are also

meaningful data used to launch promotions according to the client's needs and behaviors. Indeed Carrefour shoppers, once created an online account, they have the chance to receive up-to-date information regarding upcoming offers based on the profiles' features, in this way the information received allow them to plan their shopping list in advance (Yoon & Zhou, 2011, p. 381).

The Carrefour case has been mentioned in order to demonstrate the importance of peoples' participation in business organizations, an involvement which can be easily managed by accurate and customized online tools such as websites, social network pervasive presences and upcoming technologies (Garrigos-Simon, Alcamí, & Ribera, 2012, p. 1885).

A direct result of this trend in the labor market is the emergence of new work positions named "Community manager". According to Garrigos-Simon (2012) a community manager is "[...] *the manager of virtual communities [...] the are in charge of the daily operation of these communities, acting as the liaison between the companies and the communities online, ensuring a good relationship between the two (virtual communities and social network)* (Garrigos-Simon, Alcamí, & Ribera, 2012, p. 1885)". Basically they have the responsibility to ensure a pervasive online presence, promote product and service through web instrument, monitor the word of mouth spread over the Internet and act as a mediator between communities, customer needs, companies and stakeholders.

4.6 Emerging business model: Crowdsourcing

We have seen so far how the consumer engagement into the company life has radically changed the business corporation dealing to a shift from a logic based on company centrality to a vision based on customer centrality. The result of this new perspective significantly affected the current business models and the way of firms approach to the market. Another question proposed into the introduction part regarded the possibility of new business model's emergence, indeed in the era of web 3.0 such circumstance actually occurred and its name is "Crowdsourcing". According to Garrigos-Simon et al. (2012) Crowdsourcing "*describes a new web-*

based business model that harnesses the creative solutions of a distributed network of individuals through what amounts to an open call for proposals, with the aim of animating individuals to make a contribution to the firm's production process for free or for significantly less than that contribution is worth to the firm (Garrigos-Simon, Alcamí, & Ribera, 2012, p. 1886)"

In other words Crowdsourcing exploits a large group of people (crowd or mass) through Internet communities in order to carry out a certain task usually performed by employees, this process entails customers considered as co-workers and other stockholder outside the organizations. The development of crowdsourcing is one of the main results of social network expansion combined with the increasing relevance of Internet users' contributions.

Basically it is possible summarize the crowdsourcing process in three main stages:

1. The process starts with a problem formulation and the subsequent assignment of the tasks through a social media to large communities of people, this process is usually named "open call"
2. the second stage is the selection of contributors based on qualifications or specific context circumstances. For instance some organizations restrict the "open call" to their own employees or to their customers. The stage of the pre-selection can be skipped in order to maximize the size and contribution of the crowd, this is a circumstance that usually occurs in open-innovation fields
3. The third step regards the accessibility for contributors, this factor indicates the range of action that each contributor have on the other peers' works in terms of modifications, alterations of adjustments. In some case the access is denied, in other it is even possible to change the contribution as happens in Wikis as Wikipedia, OpenStreetMap or the Emporis Community.
4. Finally an optional remuneration for contributors can be offered. It can be fixed, success-based or none of them, most of the users like to participate in these kind of activity only because they are motivated by passion, fun,

personal achievement or community identification (Geiger, Seedorf, Schulze, Nickerson, & Schader, 2011, p. 6).

The table below summarizes the whole crowdsourcing process

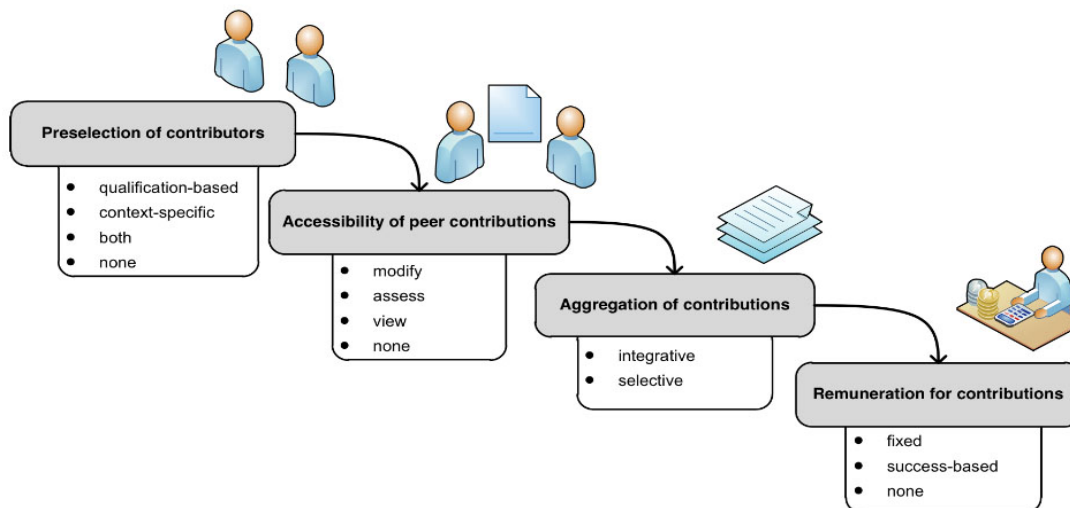


Figure 3 – Characteristics of crowdsourcing processes (Garrigos-Simon, Alcamí, & Ribera, 2012, p. 6)

Many successful examples demonstrate how the World Wide Web can be considered as a powerful medium for active collaboration, as the example of Wikipedia, the world largest database created thanks to the aggregation of different knowledge gathered from Internet users. Another example is InnoCentive, a platform where it is possible to share and find solutions for problems concerning research and development through a system based on open question-answers. Or 99designs, a platform that offers a predefined system for designing logos, websites and launch challenges as logo contests. In these specific cases the remuneration is success-based in the sense that only the winner will be paid for the most successful solution/logo presented (Geiger, Seedorf, Schulze, Nickerson, & Schader, 2011). Among the other examples of crowdsourcing can be mentioned also the popular community of Couchsurfing.org, a free service of accommodation exchanges became really popular among young travellers. Each user has a profile and the level of faithfulness is determined by a rating system based on users' reviews and opinions. So we can see how flexible can be the model used by crowdsourcing, in the case of

Couchsurfing.org the open question is: “Where can I find an accommodation?” the “problem” is subsequently solved thanks to the users willing to host the seeker.

V The case of Starbucks

5.1 Background

According to the official website, the first Starbucks opened the doors in 1971 in Seattle’s Pike Place market by the entrepreneurs Jerry Baldwin, Gordon Bowker, and Zev Siegl. At the early stage of its development, Starbucks used to sell coffee to restaurants and espresso bar. A turning point into the history and culture of the company occurred in 1982 with the entrance of Howard Schultz, the current Starbucks Chairman, as a director of retail operations and marketing. In 1983, came back from a journey in Italy, Howard Shultz started to think about a new coffee house culture based on the experience had in the Milan’s espresso bar.” *He had a vision to bring the Italian coffeehouse tradition back to the United States. A place for conversation and a sense of community. A third place between work and home* (Starbucks).

Inspired by his travels, in 1985 Howard Schultz decided to start its own business, “Il Giornale” coffeehouse without cutting off the ties with Starbucks since he used to sell coffee made from Starbucks beans. After two years Il Giornale acquired Starbucks assets and renamed the business in Starbucks Corporation. It was the 1992 when the company went public, by that time it accounted 165 stores around the USA and Canada. Nowadays Starbucks is the largest coffee chain in the world with more than 17.000 stores located around the globe, during the 1990s and 2000s the company was opening nearly one store per day registering a high growth potential (Patterson, Scott, & Uncles, 2010, p. 41).

Region	2002 (%)	2007 (%)
North America	44	62
Western Europe	17	21
Asia Pacific	15	19
Australasia	6	7
Latin America	0	18

Table 5 – Starbucks’ share of the specialist coffee shop market in each major region (Patterson, Scott, & Uncles, 2010, p. 42)

Facing saturation issues (as the above table shows by 2007 Starbucks commanded 62% of the specialist coffee shop market in North America), the company started to look towards overseas opportunities, Nowadays Starbucks has a presence in almost 44 markets.

Starbucks recorded good results of revenue also in place where the coffee culture is not so involved into the national habits as Japan, Thailand, Indonesia and China, indeed it can be considered as the main responsible for the growth of this category among Asian countries. The first Starbucks coffee shop outside the US opened in 1996 in Tokyo and since then Starbucks’ Japanese stores reached high levels of profitability, roughly twice compared to the US market. IN 1998 Starbucks approached the Chinese market and by 2006 it became the leading coffee chain around the country. The Chinese market proved to be a key factor for Starbucks expansion due the size and preferences of the emerging middle-class, although the consuming of coffee is still limited to big cities as Beijing, Shanghai and Canton (Patterson, Scott, & Uncles, 2010, p. 42). However Starbucks had to face some challenges due to the growing competition from other giant in the restaurant chain sector as KFC, McDonald’s, Yoshinoya and Manabe, but also other local Asian brands that tried to imitate the company’s logo by using the same combination of colors as in the case of Xingbake cafe (Patterson, Scott, & Uncles, 2010, p. 43).

The expansion continued at the end of 90’s/beginning of 2000 when Starbucks approached Europe by purchasing the London-based Seattle Coffee Company and commenced to open stores all around England (1998), then Austria, Scotland, Switzerland and Wales (2000), Germany, Greece, Spain (2002) to arrive at 17,651 stores placed all over the world (Starbucks, 2012).

5.2 A phenomenon based on experience

Starbucks recorded a 20% growth rate per annum and an average of three new open stores every day thanks to its successful business management. The strategy behind this success is based on “blanking an area completely”, which means cutting down delivery and management costs, reduce customer’s queues at the coffee house and increase the foot traffic for all the shops in a specific zone by a high number of stores located in that area. (Talpa & Buscor, 2011, p. 53)

How Starbucks became such a stunning phenomenon? First of all Starbucks it has been the first company to bring into the American market the European coffee tradition an expose it on a big scale around the world. Before Starbucks reached a large popularity, product as Latte, Frappuccino, Mocha and so forth were unknown words for coffee consumers. Million of people walk every day through Starbucks coffee shops but what the company offer is more than an overpriced cup of coffee. Starbucks basically reformulated the perception about consumption coffees giving to it a sense of atmosphere and style. Starbucks has been defined a sort of “third place” in people daily's life, something in between home and workplace. *"Starbucks has become what I call the third place" said Howard Schultz "The first place is home. The second place is work. We are the place in between. It's a place to feel comfort. A place to feel safe. A place to feel like you belong (Serwer, 2004)."*

In other words the third place can be considered as an entity that exists between the formality and seriousness environment of the work place and the familiar intimacy of the domestic domain. Third places encourage informal conversations, sense of community and social engagement

The purpose of selling experiences is it manifested also by the locations' design characterized by upbeat environments, comfortable chairs and relaxing music, features which make the cafes as an hub of socialization. Allowing consumers to make a choice among types, mills, roasts and grinds, Starbucks made a de-commoditization of the coffee as a product seen more as a “pre-packaged (coffee) with lifestyle signifiers” (Dicum & Luttinger, 1999). This aspect led to sale strategies

based on premium prices, indeed the coffee and beverages in a Starbucks coffeehouse are still more expensive than any other café, people are aware of this and they still continue to practice Starbucks' places.

5.3 Marketing mix

Since this thesis is mainly focused on marketing strategy and particularly strategies based on social media, in the section below will be presented the marketing mix on which the company constructed its culture and image since its emergence in 1971. As you the reader will see below, it has been taken into account the 4Ps theory (product, price, promotion, place) concept explained originally by McCarthy's (1964) and considered as one of the core principles of the marketing theories. However this theory has been considered limited to few aspects thus it is possible extended the marketing mix to other factors as physical evidence, people and process. A specific focus will be put on the web strategy and Starbucks involvement in social media in order to better explain the innovativeness of its strategic marketing decisions.

5.3.1 Product

The core product of Starbucks is coffee, basically the company uses two marketing strategies: product development and market development. As stated by Jobber (2004) the former is related to current product improvement than the latter regards new product development for current market. In the case of Starbucks the differentiation of the product is made through the production of different kind of beverage based on coffee such as fresh - brewed coffee, hot and iced espresso beverages, Frappuccino Coffee and smoothies. In addition to coffee-based product Starbucks adds also coffee and tea - brewing equipment, mugs and accessories, packaged goods, music, books and gifts. The general offer is also extended with fresh food as baked pastries, sandwiches, salads, hot meals, yogurt parfaits and fruit cups (Starbucks.com). Another principle stated by Jobber (2004) is that market development strategies occur also when current products are sold in new markets and we have seen in the history part how Starbucks approached the European

market and Asian market, even though it didn't record great success in the Australian region due the high competition of local cafes (Patterson, Scott, & Uncles, 2010).

5.3.2 Physical Evidence

With the aim of turning coffee into a no conventional product beyond the common perception of a commodity, Starbucks tried to take advantages over every single aspect related to the brand. Indeed the Starbucks brand is widely recognized due to the logo stamped on every single cup and napkin considered as a part of the whole product served. As stated before, every coffee houses is characterized by comfortable chairs, colorful walls and soft music, aspects which trigger into customers' perceptions a sense of cozy experience and therefore the willingness to pay a premium price for the products served (Zhenjia, 2012, p. 18).

5.3.3 People

As stated into the official websites, Starbucks “[...] *always figured that putting people before products just made good common sense [...] the company's mission is to develop enthusiastically satisfied customers all of the time* (Talpau & Buscor, 2011, p. 53)”. Therefore Starbucks embraced a customer-oriented approach based on people's satisfactions, not only because it bases its decisions on consumers' preference, but also because it treats its employees more as a partner than simple workers. Indeed all the employees receive training in order to develop the so-called “Star-skills” in the sense that they have to be informed on the whole range of products in order to help customers that are not familiar with them. The training section includes also nutritional information learning in case of diet or allergies. Motivation's strategies have been adopted in order to encourage employees to improve their skills, as the competition organized every year which declares “coffee-master” the employees considered most qualified. The capacity of employees to build relationship with faithful customers by understanding their tastes and preference is a milestone of the unique “Starbucks experience”. Therefore it is straightforward to understand that one of the primary aim of Starbucks is to create a culture based on a sense of

community and stimulate a style of living which motivates all its employees in order to achieve experience and qualification.

5.3.4 Processes

The processes are related to all the administrative and bureaucratic activities that occur into the organization in order to deliver the final product to the customers. In the case of Starbucks this functions involve customer servings at the shop, telephonic customer services and delivery services recently introduced through the support of the new Smartphone application “The Starbuck mobile pour”. Consumers have to simply download it, choose their beverages from the menu and share their location. In a short time the baristas on a scooter reach the buyer exactly where he/she is. To ensure a fast service with minimum fuss and delay, Starbucks sorts out two scooter baristas for every square mile.

5.3.5 Price

According to Brassington and Pettitt (2007) the “[...] *price might seem to be the least complicated and perhaps the least interesting element of the marketing mix, not having the tangibility of the product, the glamour of advertising or the atmosphere of retailing* (Brassington & Pettitt, 2007, p. 452)”. By the way the product’s price remains one essential element in the marketing strategies since it is extremely correlated with the revenue streams. If we consider the UK market, Starbucks main competitors are Costa Coffee and Coffee Nero. Basically the price’s policy is influenced by four factors: product’s quality, competition, market structure and value perceived. The more the product is differentiated, larger will be the marketers’ autonomy in deciding the price (Brassington & Pettitt, 2007, p. 452). In view of the fact that Starbucks offers a large choice of different types of coffees, beverages and food combined with the uniqueness of the experience provided, these circumstances allow the company to practice a higher price compared to its competitors. Taking into account the competition in UK market, we can see that three big chains Starbucks, Costa Coffee and Caffe Nero basically manage the coffee trade.

	Starbucks	Costa Coffee	Caffè Nero
<i>Medium Cappuccino</i>	£2.29	£2.27	£ 1.80
<i>Single Espresso</i>	£ 1.40	£ 1.33	£ 1.25

Table 6 – Price comparison

The table above depicts a general overview of some of the arranged price demonstrating how Starbucks settles the highest price compared to its competitors. It is the perception of the “Starbucks experience” that pushes customers to pay a premium price, in other words, if a customer pays £2.29 for a cappuccino it is not because it is better tasting but because Starbucks has been able to create a state of mind where a cappuccino is not just a beverage but a part of an experience.

5.3.6 Place

According to the official website, Starbucks placed almost 18.000 shops spread around North America, Latin America, Europe and the Middle East. Starbucks has been able to reach high levels of distribution thanks also to different alliances and joint ventures established along its development as an international business. For example American Coffee Partnership is the result of an agreement between Starbucks and Pepsi-Cola that made possible the selling of Starbucks ready to drink beverages at groceries, conveniences and mass-market stores. As a consequence even though Starbucks doesn't have a total coverage in certain places in terms of coffee houses presence (for example small city village), this lack is filled with products sold into the grocery stores that contributes to the enlargement of Starbucks scope.

5.3.7 Promotion

Generally the promotional mix involves activities as advertising, communication direct marketing, personal sales, Internet and online promotions. The promotional mix is absolutely relevant in order to influence the customers, involve them and make them aware of company's activities and products. The fast pace enlargement of Starbuck Corporation demonstrates how the company has been able to cleverly

exploit all this mix together, especially the new tools came up after the emergence of web 2.0. Through stable online presence, Starbucks targeted its audience thanks to a good usage of social network as Facebook, Twitter and YouTube. For example the company created its own channel where often upload videos concerning retail and supply chain operations, interviews with workers and customers, even tutorials which explain how to make a Starbucks beverage as Latte or Frappuccino. Showing what occurs “behind the scene”, turned the YouTube channel in a vehicle of information with the aim of making the company’s image and values transparent towards its clients.

In addition to the promotion of products, Starbucks paid a lot of attention also to social and cultural aspects as part of its communication strategies. For instance in 2008 the company launched its own environmental initiative name “Shared planet”, a collection of goals such as the reduction of energy and water consumption in order to reduce the environmental impact, and increasing the farmers' loans to 20\$ million by 2015. Even though the virtuous purpose and achievement of this campaign, the effort demonstrated didn’t keep the environmental activists away from protesting against some Starbucks activities. According to the Guardian, Starbucks wastes million of liters of water per day, *“over 23.4m liters of water are poured down the drains of 10,000 outlets worldwide due to a policy of keeping a tap running non-stop* (Balakrishnan, 2008).

5.4 Social Media involvement

In 2009 Alimenter Group, a California-based strategy consultancy, proclaimed Starbucks as one of the brand most engaged in social media (Quenqua, 2010, p. 23). The online presence on the main social networks from one side significantly strengthened the relationships established with the existing customers, on the other side it endorsed the capture of a slice of market represented mainly by young people since the average age of social network users it is considerably low. So in the case of Starbucks, social media are great tools for gathering “fans” which maybe they will turn in loyal customers in the future.

Basically what makes Starbucks successful in terms of social media engagement is the ability that the company has to listen the customers' voices, make them a valuable source for new ideas and inputs for improving the whole experience. In relation to social media engagement, Alex Wheeler, Global Digital Marketing at Starbucks claimed in an interview: "We don't think about it as just a marketing or public relations channel" Wheeler says. "This is about [answering the question of] how do we extend the very strong customer experience that we deliver every day in our stores into these other really relevant spaces (Quenqua, 2010, p. 24)".

Starbucks is essentially active in five main platforms:

Facebook - with its 34 millions fans this social network (mainly used to connect followers internationally) has 51 pages dedicated to Starbucks, Starbucks partner and brand that the companies owns such as Frappuccino, Seattle's Best Coffee, Tazo Tea, Teavana, Evolution Fresh (Juice) and La Boulange Bakery. (Allison, 2013) Even though the primary purpose of Starbucks is to build relationship with customers and offer a space for a direct feedback, sometime these platforms are used also for promotions and coupon selling. For instance in 2009 Starbucks promoted through Facebook the "Free pastry day" offering an online coupon for a free pastry to its page's fans (York, 2010). Furthermore in 2011 Starbucks used the Facebook community for selling Starbucks Gift Card, indeed the "e-Gifter" have the possibility to choose between a varieties of different cards for various contexts, customize the message and select an amount of expenditure between \$5 and \$100. Furthermore Customers can choose a friend on Facebook and pay in advance a gift card for birthday's occasions with an automatic deliver. The eGift experience is a growing business for the coffee chain and the Facebook community revealed to be a good vehicle to enhance the service (Grove, 2011)

Twitter - used mainly as a customer service channel, the Starbucks profile counts roughly 31 profiles including Starbucks Jobs, Starbucks Card and My Starbucks Idea.

Starbucks is one of the eight most popular companies on the micro blogging site, overcoming giants as Wal-Mart, McDonald's and Microsoft (Wakefield, 2012).

Here the customers not only can receive news and update but they can interact in order to express negative and positive impressions about the company through simple and quick "tweets". Sometime can be cumbersome reading and replying to customers' interactions, especially if a broad user base (as in Starbucks) expresses opinions through long messages. Twitter offers in this case a platform where the thoughts have to be restricted within 120 characters, as a result the comments are more precise and arrive directly to the point in case of any complaints. Consequently Starbucks can read a larger amount of message and offer a quick feedback without taking the risk to avoid responses and impact negatively on the customer care.

Indeed, if we look on the Twitter page, it is very common that the Starbucks's profile administrator "retweet" its post directly to the followers. For instance, on April 18th 2013, an anonymous user wrote *"My @Starbucks Card has 0 stars on it. Should be 4. Not thrilled #Pointless"* and Starbucks replied *"@Users sorry about this. Try closing out the app and opening it again. Sometimes they like to take their time"*. Generally the answer to complaining customers start with "sorry about this" or "sorry to hear" and instead of ignoring negative comments, Starbucks gives a direct feedback by offering solutions, making sure that they are finally satisfied. Therefore the milestone of the Twitter strategy is the ability that the company has to treat its customers not as simple buyers but talking and listen them as a peer friend. As the Starbucks VP- brand content and online Chris Bruzzo said: *"This was not [built as a] marketing channel, but as a consumer relationship-building environment"*

In 2009 Twitter has been used to launch a campaign based on a photo contest. The coffeehouse chain hanged new advertising posters in six major cities in the US, afterwards it challenged users to discover the posters and be the firsts to publish the picture on Twitter (Miller, 2009). This campaign was a direct response to McDonald's, which in the same period launched McCafe Coffee Drink with a

promotion's expenditure of more than \$100 on televisions, prints, radios, billboards and Web Ads.

YouTube - The YouTube channel of Starbucks coffee has 18878 subscriptions and 9.103.263 views. As claimed in the paragraph 4.3.7, the channel offers a really good insight of the company with several interviews with chairmen, baristas customers. In this way customer experience is improved in the sense that this kind of videos make coffee drinkers more informed about what they buy and the processes that have been followed in order to serve the product at the shop. Nowadays the information acquisition about products and services is crucial especially after the emergence of customers' organizations that with social network have enlarged their possibility to spread the word especially in case of wrong procedures adopted by companies. Therefore the YouTube channel in the Starbucks case is a relevant instrument to inform the customers from one side and to build a respectable image around its way of doing business from the other.

5.5 My Starbucks Idea

Beyond the strong online presence that Starbucks managed to reach through various social network platforms, the company has developed also a way of leveraging the high potential of the "crowd" through the creation of its own social network named "My Starbucks Idea".

Founded in 2008, My Starbucks Idea is a virtual space where users can share ideas, rating them, express opinions about other users contributions and have an active role into the virtual community. In addition the statistics provided by the websites represent a relative useful tool for companies decisions' making (Cabiddu, Castriotta, Guardo, Floreddu, & Pettinao, 2012, p. 363).

The site is basically divided in three macro-section "Got an idea", "View ideas" and "Ideas In action". In order to share ideas, community members have to sign in and insert the idea description. The section named "View ideas" is sub-divided in "Popular", "Recent", "To all-time" and "Comments". For every idea posted there is a

rating system based on points given to users and each suggestion can be marked with thumbs up or down (a kind of “like” button used on Facebook). Finally in the section “Ideas in action” is also split in “Under review”, “Reviewed” and “Coming soon”. All the ideas proposed are subsequently revised by a group of Starbucks’ employees named “Idea Partners” which are experts in their corresponding fields, in this way Starbucks can manage two contemporary processes. From one side the innovative idea of the “customers’ crowd” can be exploited through the social community, on the other side the current know how and skills from experts still remain a relevant resource in order to review the ideas and make them a potential new product/service, this is a process which “exploit” and “explore” current resources and upcoming innovative suggestions. (Cabiddu, Castriotta, Guardo, Floredu, & Pettinao, 2012, p. 364).

The brainstorming process triggered by “my Starbucks idea” reflects the structure of a typical crowdsourcing model. According to the official website more than 150000 ideas have been submitted in the last 5 years and 277 Ideas have been launched trough the site such as new drink flavors or new recipes for pastries and treats

(Starbucks,

2013).

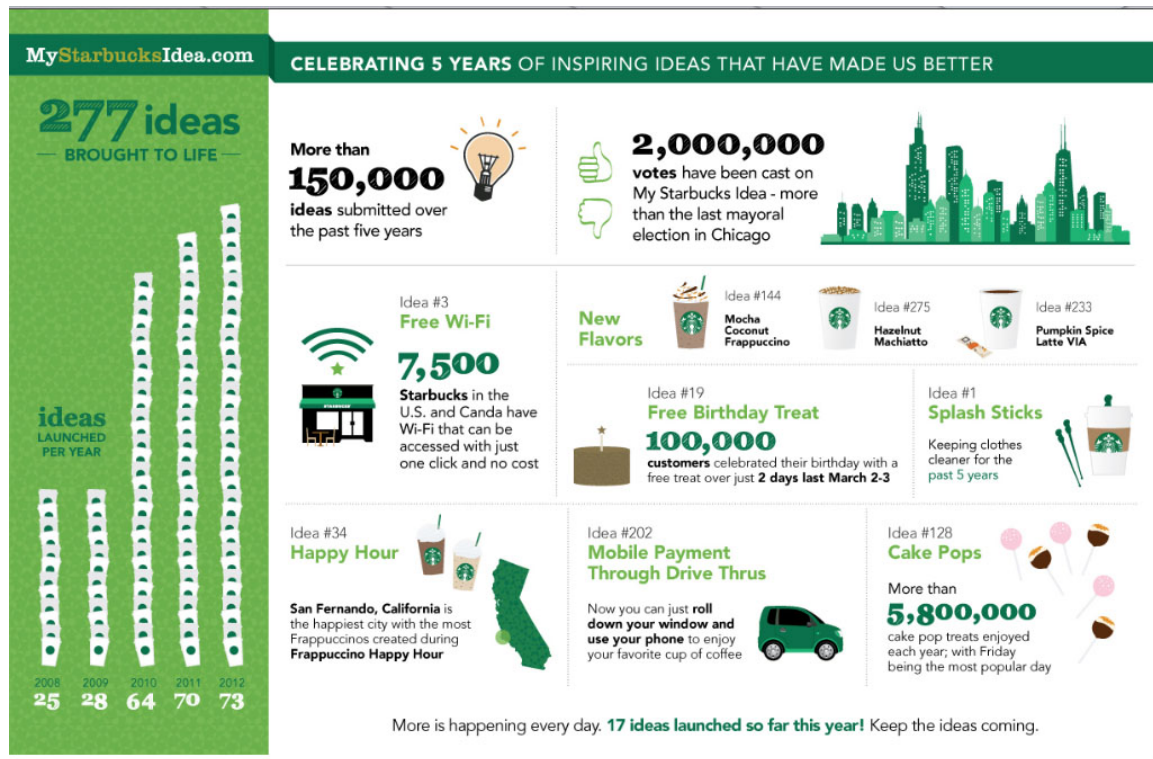


Figure 4 – My Starbucks Idea (Starbucks, 2013).

My Starbucks Idea is the demonstration of how a company can learn and be inspired from its consumers by inviting them to give feedback or simply observing the conversations that occur in the cyber space. In a sense Starbucks embraces the philosophy of the customer-oriented logic based on the involvement of members in communities and the co-creation of value from the emergence of new ideas.

5.6 Mobile marketing approach

The daily experience of customers nowadays entails a regular use of mobile applications, as a result Starbucks developed several instruments in order to create further connections with people through new mobile technologies.

In 2012 Starbucks has been nominated mobile marketer for the year, twice in three years, honor previously won by Team Obama in 2008 and an Polo Ralph Lauren in 2009. What makes Starbucks's marketing mobile a successful strategy is the ability that it had to combine different channels, from traditional one as SMS, mobile advertisings and applications, to the latest technology as the QR codes, augmented

reality, and new digital networks (Kats, 2012). All these instruments are an integrating part of the CRM model presented in the last section, now let's see more in detail how this instrument fits into the whole Starbucks marketing strategies.

5.6.1 QR code

A QR code means "Quick Respond" and is a bar code that once scanned with an electronic tool as a Smartphone, it links directly to videos and web pages related to the item, it can be considered a sort of connection between the physical product and the digital world (Pupa, 2012, p. 11).

Differently from other marketers, Starbucks didn't place the QR everywhere in the shops, but it ensured to put the codes in visible spots, for example the flyers that were handed out to promote new kinds of roast coffees. The QR code was also used to sponsor Verismo's products, the new coffee machine labeled Starbucks, indeed once scanned customer can easily access to the Starbucks application or the website, find out more information about the machine, how to use it, which procedures follow to make your own Starbucks espresso and finally purchase it directly from Internet (Kats, 2012).

5.6.2 Mobile Payment

The mobile payment applications are part of a loyalty program that includes also My Starbucks Reward. Mobile payment applications have been specifically designed for those who make transactions on a regular basis, giving them the chance to use a single card that works as a Visa and a loyalty card to collect points.

Starbucks mobile payment and loyalty application has been launched in 2010. The main functions entail balance checking, card reloading and transaction history's review. The program started as an experiment in 16 selected Starbucks in Silicon Valley and Seattle and now it counts more than 2 million transactions every week worldwide (Kats, 2012).

Fully integrated with Starbucks mobile payment applications is the Square's wallet app that allows customers to pay at the cash register by presenting a QR barcode

generated by the application. The account is connected with the debit or credit cards therefore there is no need to reload every time the balance, so what the application does it is basically turning the iPhone in a wallet (Starbucks).

Mobile applications are another demonstration of how Starbucks has been able to integrate its procedures with new technologies even though its business is based on a commodity product as coffee. Furthermore the use of such application not only pushes the buyers to be a part of a loyalty program, but this smart way of payment impacts also on the workflow by reducing the queue at the coffee houses.

5.6.3 Augmented Reality

During the last year the company exploited another innovation in the worlds of new technologies for mobile phones: the augmented reality.

“We will define an AR system as one that combines real and computer-generated information in a real environment, interactively and in real time, and aligns virtual objects with physical ones (Höllerer & Feiner, 2010)” The augmented reality is a concept related to a virtual reality which attempts to create an real interactive experience with user through audios and videos.

In 2012 Starbucks launched its first augmented reality application for Android and iOS operating systems on Christmas time. Once downloaded the Starbucks Cup Magic Mobile App, users have to point their mobile phone cameras at the special theme cups, in doing so animations will be automatically produced on the display with the items scanned as background. (Wasserman, 2011). What is the purpose of that? Apparently the augmented reality has a great impact on advertising in terms of brand awareness. As widely known, the first purpose of advertising is to introduce the customer to the product, he/she has to be aware about the product's existence and its features. Thanks to this new technology the consumer can experiment an interactive experience with the product rather than simply receive information from an image, video or text reproduced on a screen or on a paper based media (P. Connolly, 2010). Due to its interactive feature augmented reality has gained lots of attention from the marketers especially for this unique approach of customer engagement. We can see in this circumstance how Starbucks focused its entire

marketing strategy on experiences which occur not only in the real life and virtually but also in “virtual-real combined occurrences”

5.7 Starbucks Digital Network

It was August 2010 when Starbucks announced the launch of the Starbucks Digital Network, a new digital tool designed with the aim of improving the in-store customer experience. In collaboration with Yahoo, Starbucks Digital Network commenced to be used in October 2010 allowing clients to get a free access to Wi-Fi services and websites such as Wall Street Journal and iTunes (Starbucks, 2010). From a strategic point of view the creation of the digital network responded positively to three main objectives: the increasing involvement of Starbucks into multiple digital channels, the improvement of the customer experience and the responses to the mounting competition from McDonald's. Indeed the fast food chain started to compete against Starbucks not only on coffee sales level with the launch McCafe, but also on the in store experiential dimension by offering free access to Wi-Fi. Even though the main different between the two giant chain restaurants are several (For instance Starbucks differentiated itself by focusing on experience, environment and good quality of coffee sold for a premium price, McDonald's follows a low-price strategy based on fast services) it remains that Starbucks made a bold move above its competitors with the implementation of its own digital network.

“The Starbucks Digital Network is inspired by Starbucks passion for elevating the third place experience to create a unique coffeehouse environment, its heritage of recommending music, books, films and other culturally relevant works to its customers, and a growing worldwide interest in engaging with the brand digitally (Starbucks, 2010)”

In a sense Starbucks Digital Network improved the value of the free Wi-Fi access by giving free premium offerings, which positively impacted on the Starbucks image as third place, therefore Starbucks can be considered a sort community born in a real life and developed gradually upon a virtual dimension.

The platform, developed by Yahoo!, has been designed to be easily accessible from any kind of device whether is a laptop, tablet or Smartphone. For Starbucks it has been a priority to optimize the platform especially for mobile phones since half of the customers connect their self phones to Wi-Fi services, especially iPhone owners can be recognized and be connected automatically to the network.

Basically the customers can access to the contents through six different channels: News, Entertainment, Wellness, Business and Careers, My Neighborhood and Starbucks.

We can see how some of the sections have been created according to the typology of clients that usually go to Starbucks, for instance it is very common nowadays to arrange informal meetings or even a job interview in front of a cup of coffee, that's the reasons why the Business and Career section, along with the News channel, have been designed according to the needs of the business class of customers. Indeed the channel is also connected to LinkedIn providing access to career-focused blogs, video regarding job-seeking tips, even 30-day trial for a LinkedIn Jobseeker premium account (Starbucks, 2010).

Families and children represent another target, for this purpose Starbucks included in the entertainment channels containing educational programs for kids that entail games and learning activities. (Starbucks, 2010). Children don't figure as a primary class of consumers since they don't drink coffee however this topology of channel has been designed in order to allow parents to chill out without making their children bored.

Furthermore Starbucks couldn't exclude the most popular social network among mobile social media: Foursquare. With 2.25 millions check in, Starbuck line-up Foursquare within "My Neighborhood channel" offering in this way a web-based check-in for all the stores. The section it is also connected to Zagat, an application which offers a wide range of restaurant reviews enriched with comments and rating. The other channel includes a section related to fitness and wellness which contains all the nutritional information about Starbucks products and other specialized

premium contents as special recipes, articles and videos. Finally the network entails My Starbucks channels, this is the promotional section where users can find all the upcoming news related Starbucks and create a personalized account in order to access to Starbucks Card and My Starbucks Reward.

With Starbucks Digital Network the coffee chain has radically pushed the boundaries of innovation in order to create a unique customer experience. Starbucks basically understood how the information access represents a core aspect for its clients, not only for the purchasing decision but also for the overall experience. That's the reason why the digital network entails information about the company and products (the customer need to be informed and aware about the product that he/she is going to buy) but also other contents that enrich their in-store experience like news and entertainment.

VI Reflections and interrelations

After seeing how social networks are involved into companies and customers' daily lives, in this section it will be proposed a new CRM framework built upon the Starbucks experience. This choice is the result of a deep analysis of the Starbucks case and its effort in making the customer experience a milestone of its global business. Such model doesn't represent a suggestion for Starbucks since it is the result of what the company is actually doing and how it is using social media from a business perspective. Basically the framework is proposed in order to support the answer to the research questions and demonstrate empirically how a company has effectively improved its CRM through the use of new web instruments. As a consequence the framework has been designed according to the company's features took into account but I do not exclude the flexible nature of the model and its adaptability for other kind of companies which would like to follow the same Starbucks' pattern. The scheme presented as following can be considered a variant of the social CRM analyzed in the section 4.4.

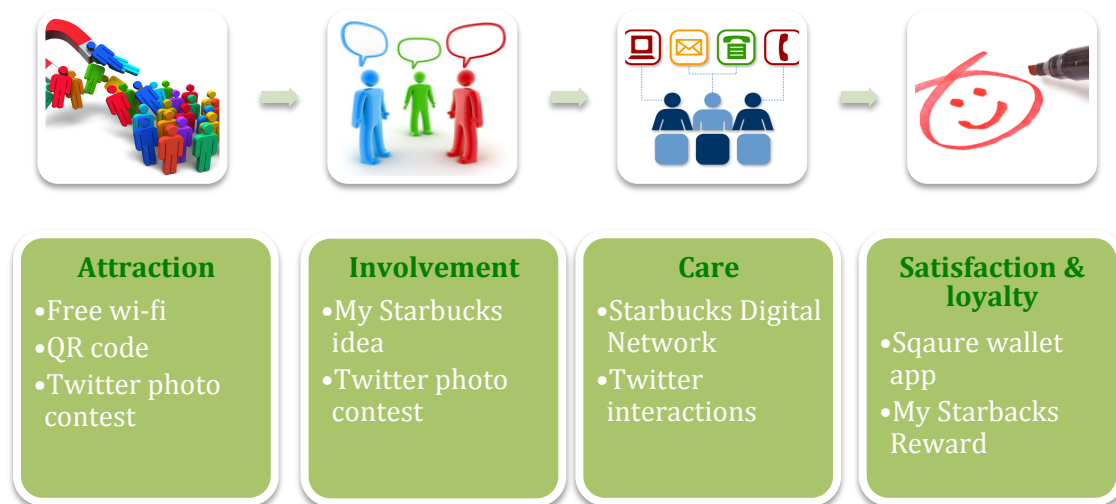


Figure 5 – Starbucks' social CRM

As the figure depicts the Starbucks social CRM entails four stages: customer's attraction, involvement, care, satisfaction & loyalty. Now let's see with further details how each stage works.

6.1 Attraction

Starbucks started its activity in 1971 and since then it has been able to record a high potential of growth which led the company to open almost 17,000 shops all over the world, becoming in this way an international business. A factor, which definitely caused this development, is the reputation that Starbucks built around coffee culture and its vision about customer experience. If in 1971 the main source of attraction might be the coffee's smell spread around Pike market in Seattle, now customer's attraction is also correlated to elements involved in the virtual world. The decision to make the coffee houses free Wi-Fi spots brought to the company an increasing number of clients which everyday go to the coffee shop for working. The more people spend time for working on their computer for example, the more they drink coffee, the more they will contribute to enhance Starbucks' customer attraction. In a sense the free Wi-Fi is a part of the picture of the "third place" that Howard Shultz had in mind when he started the business. Starbucks basically understood the beneficial influence that a free connection can have on the new generation customers from one side, and workers on the other. If we think that nowadays Internet is becoming part of our daily life, especially for the "internet-generation", Starbucks with the free Wi-Fi spots managed to capture the instinct that usually affects users to connect to the Internet and being constantly upgraded through social media.

In the analysis concerning mobile social media, it has been discussed the reason that pushed users to share their location on social network as Foursquare, motivations as self-disclosure or impulsiveness. In 2013 Starbucks coffee has registered more than 2.25 million check ins, that is means that 2.25 million have walked through the Starbucks store and have accessed to the Wi-Fi connection in order to share their

location with friends. Furthermore this data is the demonstration of how Starbucks, beyond being a coffee chain retailer, it is becoming a status symbol.

Starbucks realized in a sense what has been defined as “Brandscape”. *“The Brandscape is a central locus of consumer-marketer relationships and that the terms of this relationship are shaped by the experiential benefits and symbolic meanings offered by the brand (Thompson & Arsel, 2004, p. 5)”*

Indeed the company enjoys a general highly respected reputation, this aspect pushes individuals to share their positions in the coffee shops, satisfying their self-disclosure needs and revealing information about their selves in the way they like to be seen by the others.

The high number of online check in is also the result of the service offered by SDN if we consider the fact that one of the channels, “My Neighborhood”, gives a direct access to Foursquare and pushes the users to make more check-in into Starbucks locations.

Another clever decision is related to the choice of positioning QR code in strategic visible locations as the flyers hand out to people. In this way users have a direct access to the contents connected to the code, the information about products and daily promotions, so if the customer is located to a position close to a Starbucks he/she can be easily attracted to nearest shop

The free Wi-Fi, the direct access to social media through SDN, pervasive presence on different social networks, all these elements combined together contribute to enhance the Starbucks reputation which grew up virtually and impacted directly to the real experience considering the high amount of users that everyday purchase coffees at Starbucks shops.

6.2 Involvement

The involvement is a stage that occurs once the customer has been attracted into the company environment. The involvement is one of the main stages since it allows the firm to listen the voice of the “crowd”, learn from it, receive real time feedback and exploit customers' ideas. If in the past the dialogue with consumers was a cumbersome activity due to the lack of proper technologies and fast-communication

tools, now communication dynamics reached high level of speed. In this sense web 2.0 and 3.0 reveal to be primary tools for the customer relationships and engagement. Due to social media, Starbucks made the customer involvement, a milestone of its strategy and part of its philosophy grown on the customer satisfaction. Starbucks understood perfectly how the voice of the crowd involves a sense of wisdom in the sense that only hearing customers is it possible to deeply understand how to improve business. Starbucks made its marketing strategy not just a passive reception of information gathered around the web, instead it is based on high level of customer engagement due to the availability of a specific virtual space, My Starbucks Idea. My Starbucks Idea can be considered as a Starbucks own social network rather than just a simple company's webpage, more specifically it is an Internet-based experience that moved consumers from awareness to a customized engagement. In other words My Starbucks Idea is included in the sphere of modern marketing strategies in social network contexts that is the result of the interaction between producer, customer and social media.

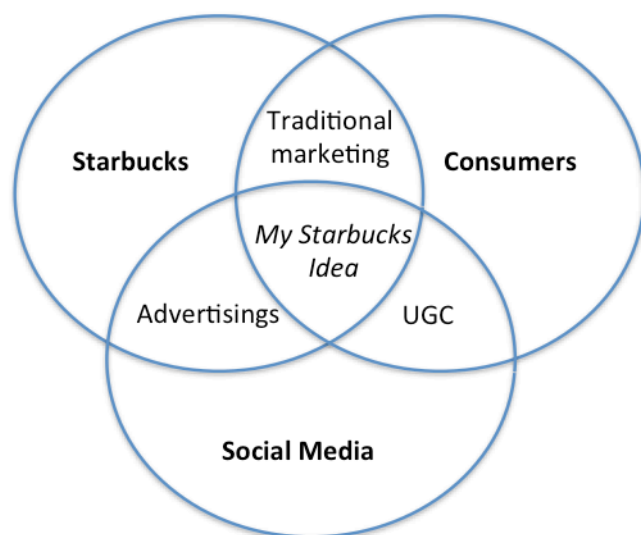


Figure 6- Starbucks-Consumer-Social Media interaction

As you can see from the graph above, the intersection between the Starbucks circle (producer) and customer circle is filled by the traditional marketing channels, these items entail a one-way interaction between the seller and customer (TVs, radios,

paper-based advertisements and so on). Crossing those two domains with the social media circle we can obtain other two areas: the Starbucks generated contents (advertisements published through social media) and the UGC. For instance the videos that Starbucks upload on its YouTube channel are basically information that the company gives about itself through engaging a social media as a vehicle. On the other side of the figure we have UGC, as explained into the theoretical background (p.15) this typology of contents are not created or managed directly from Starbucks. For instance one of the most visited video on YouTube concerning Starbucks is one uploaded from an user who attempts to visit 171 stores in Manhattan in 24 hours. It could happen that sometimes this kind of content reach high popularity, even more than contents managed directly from the marketers. Some case demonstrated the potential of these viral messages when they turn into customer attraction vehicles, for instance what happened to Coca Cola when users start experimenting the geyser reaction that a Mentos brand mints could have into a Coca Cola drink. As far as Coca Cola kept distances from these videos uploaded on Internet, afterward it realized the advantages of this media coverage by airing the video on televisions and different content communities.

The intersection of the three circles, places in the middle My Starbucks Idea which can be considered the result of a perfect combination between company, users and social media interactions. A further analysis of the website led myself thinking that this community involves two types of interactions, company led messages and user led messages. In the former different questions are asked in order to trigger conversations and opinions about specific information that the company want to obtain from users, for example “How do you customize your Frappuccino?”. On the other hand the community offers spaces for spontaneous initiatives concerning new ideas which starts directly from the customer. All of this exploits typical dynamics present in common social networks as the possibility to comment, share appreciations through “like button”, receive scores and have the possibility to appear in the top-best ideas. As you can see, it is not just a simple forum of ideas’

exchange but there are several dynamics which involve the customers in a double-way communication making them part of the organization.

Overall the coffee chain give space and occasion to discuss demonstrating how the consumer' opinion is relevant for the whole system, a straight point which rise the company on a different level compared to the competition. For example Mac Donald's can be considered one of the main market competitor, it enjoy an high popularity as fast food chain, it has a great deal of followers and fun around various social network, it gives free Wi-Fi access in its restaurant, but overall it doesn't give to its customer a suitable space where they can express their thought as Starbucks does. This is the main difference between Starbucks and the other competitors, most of them can reach other intersection points into the scheme, for example an high number of UGC (Coca Cola) and a pervasive marketing promotion through traditional and social media c marketing mix (McDonald's) but none reach the central intersection between social media producer and customer.

The involvement is a phase that presumes a previous condition: the interest, in other words the impulse that triggers the involvement. When the coffee chain decided to design new advertisement posters and engage users in the treasure hunt/photo contest competition on Twitter, this event prompted curiosity around the brand and its new offers. In a sense Starbucks realized a "buzz marketing" starting from traditional tool (advertising) and utilizing a social network (Twitter) as main vehicle of spread. This approach led to a lateral communication between customers by generating the "Buzz" about the promotions rather than just a vertical communication that occurs between the seller and buyer. This is the reason why the Twitter photo contest can be located in between the attraction and involvement phase.

6.3 Care

The third phase of the CRM framework presented includes the customer care, another relevant stage since it supports the subsequent customer's loyalty. For Starbucks this stage has been achieved thanks to the great emphasis that the

company puts on experience, a condition that has been further improved thanks to the use of social media. We have seen in at the end of section 4.3 how consumers' opinions are extremely important both for new ideas, positive comments, complaints and negative thoughts. In this field Twitter revealed to be an extremely useful instrument which endorse the company in managing a quick interaction by answering questions, solves issues and "retweeting" people's opinions about the brand, in this sense Twitter is the evidence of how much Starbucks cares about what customers want to express. Starbucks basically made the digital dialogue a top priority in its communication strategy by exploiting Twitter as a "listening tool" differently from Facebook which, as far as it can be considered an additional communication channel, it is mainly used to upload photos, create links to YouTube videos or blogs, posts, and spread the words for advertising and new in-store promotions.

The pervasive presence of Starbucks on different platforms, not only Twitter and Facebook but also YouTube, Flickr, Pinterest, LinkedIn, has been strategically used to establish, maintain and develop a long-term relationship with the customer and constantly inform him about all the dynamics that shape the Starbucks culture and its concept of customer experience.

The filed of the customer care can be further analyzed by delimiting the expectation that the customer has during her/his time spent in the store. Beyond the cozy environment that Starbucks offer to its clients (big armchairs, relaxing music, friendly baristas and so on...), the experience is enriched by the possibility that customer has to surf on Internet through the use of the Starbucks Digital Network. If usually local coffees leave newspapers on the table to let them read while drinking a cup of coffee, it has been shown how Starbucks Digital Network offers a plenty of information which go beyond the mere daily news. The customer in this case can be informed, entertained, he/she can discover new products to buy the next time or keep in touch with friends, Starbucks made these activities gathered in one unique experience thank to the use of new technologies.

6.4 Loyalty and satisfaction

The last stage of the presented CRM is the phase where the customer is satisfied or has overcome its expectation towards the firm's services and products, this phase can be considered the main aim of the whole systems. IN this case social media can be used in order to amplify the voice of satisfied clients, make a "buzz" over the Internet space and attract additional customers which in turn will be included in the loop attraction-involvement-care-satisfaction. The satisfaction is the feeling that usually comes along with a sort of reward that the consumer received back from the company. As claimed before, My Starbucks idea has a specific section named "ideas in action", a sort of blog managed by employees that discusses about how Starbucks handles the new ideas given by users and in which manner they intend to exploit them. In this way the customers belonging to the network feel themselves a part of the decision making process and constantly updated about their ideas development, such aspect increase their sense of satisfaction and loyalty toward the brand (the fact that an idea can be considered and further developed into a new product is considered a reward).

Furthermore My Starbucks Reward additionally improves the customer satisfaction and loyalty. Each customer which pay with a Starbuck card or a Square Wallet app have the chance to earn "stars" and get free drinks or refills at the shop. Is interesting see how Starbucks connects the payment options with the new technologies of upcoming mobile applications and how these options are integrated into the loyalty program. Unfortunately, as far as the Square Wallet app looks good at first glance, many reviews on App store show some concerns about privacy issues related to the bank account data, most of them expressed negative comments and argued the futility of this application. Although the good purpose (make the buyers' life easier and improve their satisfaction allowing them to purchase the product without cash or credit cards), it still remains a technology at its early stage which needs to be further improved in order to be used on a larger scale.

As anticipated before, the whole framework acts as a loop. If we look at the figure below we can see how each stage is supported by social media or elements which are integrated into the ecosystem of social media (free Wi-Fi). To summarize, first of all the customer is attracted by element such as free Wi-Fi in shops and information available on social media (Facebook pages, blogs, YouTube channel, pictures upload on Pinterest, Flickr or Instagram). Once acquired the brand awareness the client is consequently involved into the system thanks to the support of Starbucks own social media (My Starbucks idea) and open communication channels as Twitter. The attraction leads also to the in shop-experience (which is further enriched by the use of SDN) that can turn into a long-term relationship (stage supported by the continual interaction that the customer can have through various platforms). If we combine together a good customer care with a customer involvement we obtain the satisfaction and loyalty that once expressed through the word of mouth leads to the attraction of further clients.

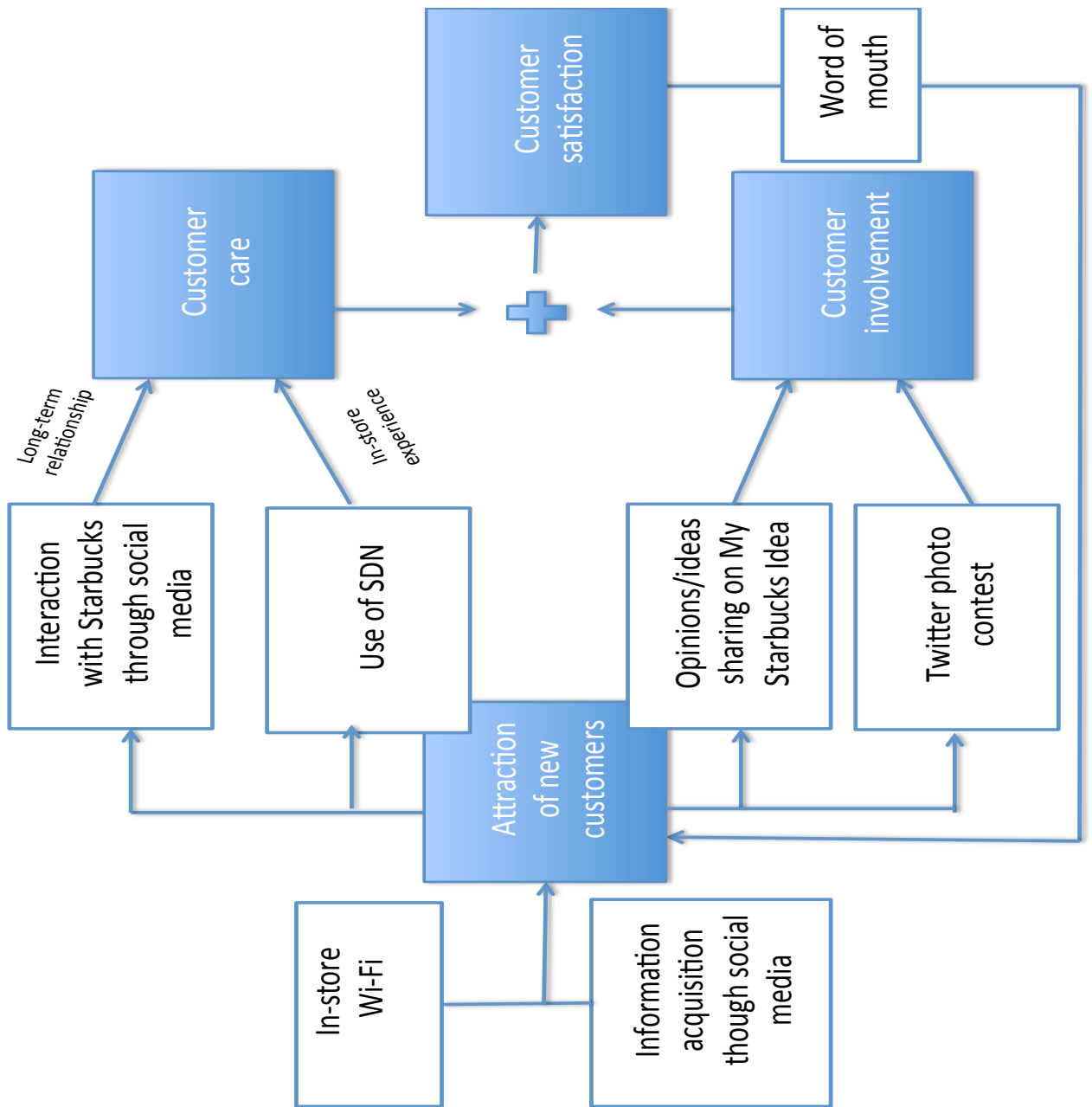


Figure 7- Starbucks social CRM

VII Conclusions

This master thesis has been a meaningful occasion to enlarge my knowledge and approach to marketing theories from innovative perspectives. Innovation is a really broad topic and it can be applied to almost everything that surrounds our lives, our state of minds and specifically the way entrepreneurs deal with their way of doing business.

This is what Howards Shultz did with Starbucks by making a cup of coffee a sort of status symbol, the witness of how is it possible be innovative and unique even commercializing a commoditized good.

The main aim of the inquiry presented is to understand how social media can improve the customer relationship management, in doing so different sub questions have been settled in order to give a more detailed overview of the topic depicted. An accurate theoretical revision of concepts as web 2.0, UGC, Social Media and Network externalities lead to the analysis and the following answers.

How social media can improve the customer relationship?

The work presented demonstrates the effective positive impact that social media have on the whole CRM, acting as sorts of technological supports for the customer's attraction, involvement, care and satisfaction, the new CRM model tailored on the Starbucks case represents the illustration of this concept. It has been argued how Starbucks exploits the new instruments offered by the emergence of web 2.0, for instance Twitter in the role of "listening tools" has radically improved the interactions and feedback receptions, YouTube videos enabled the firm to transmit the company's values and make the user base more aware of the services received, Facebook enhanced the promotional and advertisements activity through eGift applications and finally My Starbucks idea made possible the creation of a virtual community able to improve the customer relationship in a long-term vision.

The analysis has been focused on the marketers and clients' perspectives showing the positive impacts that this new movement had on both actors involved, in this

sense Starbucks revealed to be a good example in order to lead the inquiry to the research's answers

The increasing relevance of customer's involvement does imply a new conception of business model?

Social media have strengthened the customer's power from one side but also the companies' ability to adopt new tactics based on openness in the way of discovering customer's features, emerging needs and profitable business areas. Those dynamics led to a radical change from a cultural point a view but also from a business angles leading to upcoming business models based on Crowdsourcing

How it is possible to enhance the participation and collaboration in virtual communities and turn it into a benefit for the whole organization?

The analysis of elements such as UGC and network externalities triggered by various topologies of social media, such as Facebook, Twitter and YouTube, represent in a sense mediums which helped the consumers to be heard by organizations and be consequently satisfied thanks to a simpler explication of their needs. The Crowdsourcing-based business models further increased the customers' participations into virtual communities thanks to rewarding mechanisms, these new dynamics made the user base co-creator of the value generated. My Starbucks Idea showed how the company gained copious benefits from the virtual participations of its users and how such involvement has been exploited with the generation and implementation of new ideas.

How social media can be incorporated into conventional marketing strategies?

Marketing strategies are implemented in order to catch a large spectrum of consumers, with large spectrum I mean not only young/middle age consumers (a generation pretty familiar with the new technologies) but also another niche of clients which may be stuck on conventional promotions and advertising vehicles (News papers, TVs and Radios). Even though they can be mentioned some successful cases of pure web-based marketing strategies (for example Skype became

popular using only the viral spread of the word of mouth on the Internet) we are still really far away from relying completely on these new instruments and considering them absolute substitutes for conventional marketing strategies. Indeed we have seen how Starbucks combined paper-based advertisements with QR code in order to create a bridge between conventional communication channel and virtual contents, therefore social media can be regarded as an additional value instrument which maximizes the effectiveness of the overall marketing strategies without substituting them though.

By the way the role of inquirer didn't keep myself stranger towards the dark side behind Starbucks and social media, dark sides concerning more ethical and psychological considerations.

In relation to social media, as far as they made the communication pace faster and easier, an overuse of such instrument could turn paradoxically into less real interactions and addiction towards virtual experiences. Furthermore new Internet phenomena radically impacted society and individuals' behaviors, especially the personal conception of privacy that is gradually vanishing by giving the way to a hidden sense of virtual exhibitionism.

Another concern regards Starbucks and its relation to local cultures, as far as the company made the customer experience a milestone of its business philosophy, it can't be ignored the fact that local business such as small coffee houses, still remain a valuable source for whom wish to discover the culture of different countries at more local level.

However, talking more in detail about these angles would entail too deep personal opinions, which would go against an objective dissertation. Considering that the inquiry embraced mostly business points of view, I preferred to do not cover this aspects and concentrate myself on the whole picture concerning social media and Starbucks in relation to marketing strategies' scenario.

To conclude, it can't be forgotten the multinational nature of Starbucks as a big corporation and its low level of differentiation from one country to another, but it

has been recognized that Howard Shultz was the first one to bring the coffee culture from Europe to the United States and combine an accurate use of social media presence, new technologies and customer experience-based business.

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This thesis represents the end of a chapter of my life and I could not conclude it without expressing my gratitude to all those who helped and supported me the most over the past two years here in Aalborg, these words are for you.

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Thanks to the rest of my family, you have all been part of this learning experience.

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